ANHEUSER-BUSCH COMPANIES, INC.

Annual Report 1984

Table of Contents

Cover

The Eagle, a traditional symbol of pride, strength and unlimited vision, was first used on the company's beer products in 1872. It is now also the predominant symbol in the corporate logo.

Anheuser-Busch Companies, Inc. is a diversified corporation whose subsidiaries include the world's largest brewing organization and the country's second largest producer of fresh baked goods. Other subsidiaries operate in the fields of container manufacturing and recycling, malt and rice production, international beer marketing, wine, snack foods, baker's yeast, family entertainment, real estate development, major league baseball, stadium ownership, creative services, rail car repair and transportation services.

1984 FINANCIAL HIGHLIGHTS

(In millions, except per share, employee, shareholder and statistical data)

Year Ended December 31,	*1984*	1983	% Change
Barrels of beer sold	***64.0***	60.5	5.8
Sales	***$7,158.2***	$6,658.5	7.5
Beer excise taxes	***657.0***	624.3	5.2
Net sales	***6,501.2***	6,034.2	7.7
Net income	***391.5***	348.0	12.5
Net income per share	***7.40***	6.50	13.8
Cash dividends:			
Common stock	***89.7***	78.3	14.6
Per share	***1.88***	1.62	16.0
Preferred stock	***27.0***	29.7	(9.1)
Per share	***3.60***	3.60	—
All taxes	***1,099.4***	1,024.9	7.3
Capital expenditures	***519.2***	428.0	21.3
Depreciation and amortization	***203.4***	187.3	8.6
Effective tax rate	***43.2%***	43.5%	(.3)%
Return on shareholders equity	***18.2%***	18.0%	.2%
Financial Condition At December 31			
Working capital	***$ 80.3***	$ 175.1	(54.1)
Plant and equipment, net	***3,515.0***	3,204.2	9.7
Long-term debt	***835.8***	961.4	(13.1)
Convertible redeemable preferred stock	***286.9***	286.0	.3
Common stock and other shareholders equity	***1,951.0***	1,766.5	10.4
Per common share	***41.44***	36.50	13.5
Number of employees	***38,461***	39,320	(2.2)
Number of common shareholders	***30,007***	30,317	(1.0)

LETTER TO SHAREHOLDERS

AUGUST A. BUSCH III

Anheuser-Busch Companies, Inc. completed another successful year in 1984 and made significant progress toward achieving three objectives which constitute our plan for strong growth through the end of this decade. These objectives are to increase our leadership position in the brewing industry, to pursue diversification opportunities in keeping with Anheuser-Busch standards, and to attain aggressive financial performance targets.

Your company's performance in 1984 is a result of enthusiastic consumer acceptance of Anheuser-Busch's unfailing commitment to quality products and services. It also reflects the dedication and skill of our 38,461 employees in developing and implementing strategic growth plans.

These accomplishments were afforded national attention when, for the second consecutive year, Anheuser-Busch was named one of "America's Most Admired Corporations" in a survey conducted by FORTUNE magazine. Anheuser-Busch Companies, Inc. ranked sixth among all American corporations and number three in quality of management. We are proud to receive this recognition and will use it as a challenge to seek greater standards of excellence.

LEADERSHIP IN THE BREWING INDUSTRY

Anheuser-Busch, Inc., our brewing subsidiary, strengthened its leadership position in 1984 with a performance that ran counter to negative industry sales trends. Volume for the year reached 64.0 million barrels, resulting in a 5.8% sales increase over 1983. This exceptional growth compares to an eight tenths of one percent volume decline for the total brewing industry.

Based on this strong performance, Anheuser-Busch market share increased to 34.6% from 32.5% in 1983. Our sales lead widened to 26.5 million barrels, for a 70% volume advantage over our nearest competitor.

A major factor in our outstanding record for 1984 was aggressive advertising and merchandising surrounding Anheuser-Busch sponsorship of the Los Angeles Olympic Games. This effort, in addition to the total marketing program that supports each of our beer brands, provided extensive visibility for our products and made a material contribution to our sales growth.

We anticipate that the industry will resume modest growth in 1985 and beyond, and we have targeted a 40% market share goal by the late 1980s. This is an aggressive goal which will be supported by our continuing dedication to brewing the highest quality beers in the industry and by creating imaginative marketing programs. We have also developed realistic plans to address issues influencing industry demand such as demographic shifts in the population, public concern over alcohol abuse and intense price competition.

Demographic shifts in the population have caused a decline in average per capita consumption, as our nation grows older and the postwar "Baby Boom" generation moves into its 30s. In planning for these changes, Anheuser-Busch has strengthened its position in the fast-growing light beer category, and was the first major U.S. brewer to introduce a reduced-alcohol beer, our LA brand. These actions, and the broad appeal of our other brands, position the company for continued sales and market share growth.

Anheuser-Busch shares with all thoughtful citizens a commitment to find realistic and workable solutions to the problems of alcohol abuse and driving under the influence of alcohol. For some time the company has worked with industry trade associations to promote responsible drinking, and we have developed our own program—Operation ALERT—to encourage individual responsibility through education and awareness. (See pages 18-20 for more details.) These programs are directed toward normally responsible consumers who may occasionally overindulge, and attempt to persuade them to accept new standards of behavior that eliminate any misuse of our products.

We have built our success on the responsible consumption of Anheuser-Busch beers, and we are confident that we can be a positive force in addressing abusive drinking in a way that does not penalize the tens of millions of Americans who consume responsibly.

Weak industry growth has magnified an already serious excess capacity problem for some brewers, leading to intense price competition. We are prepared to meet this challenge with a balanced program of volume and profit growth. We remain confident in our ability to outperform industry volume trends because of the long-recognized superior quality of Anheuser-Busch beers. Additionally, we believe that the proven combination of our comprehensive marketing programs and talented wholesaler network will ensure the continued growth of our products.

Cost containment efforts are an integral part of our strategy for unit profit growth. Productivity improvement programs continued to result in improved operating efficiencies and reduced costs—while maintaining the highest quality standards. Longer-term labor costs for our brewing subsidiary were recently determined through three-year agreements signed by the company with unions representing the vast majority of its employees. Cost containment efforts are also supported through vertical integration operations in can and lid manufacturing at Metal Container Corporation and in malt and rice production at Busch Agricultural Resources.

Our confidence in future profitable beer volume growth is demonstrated by a commitment to a 5-million-barrel expansion of our Houston brewery, and a decision to begin site work for construction of a new brewery in Fort Collins, Colo.

DIVERSIFICATION

In addition to vertical integration which ensures both the quantity and the quality of materials needed for our brewing subsidiary, Anheuser-Busch is pursuing a two-part diversification strategy that includes internally developed new businesses and acquisitions.

Such internal ventures as Busch Industrial Products, Busch Entertainment, Anheuser-Busch International and Eagle Snacks continue to progress. Busch Industrial Products achieved record sales and production volume of baker's yeast in 1984, and Busch Entertainment opened new attractions designed to enhance attendance at Busch Gardens in Tampa and Williamsburg.

Of particular significance in 1984 was the launch of locally brewed Budweiser in Japan, Israel and the United Kingdom by Anheuser-Busch International. This subsidiary will continue to search for suitable new licensees capable of brewing our quality beers.

Eagle Snacks, our quality snack food subsidiary, has experienced good consumer acceptance in its markets. This success has led to the decision to implement plans for national distribution of the Eagle Snack product line.

The company's most significant diversification was the 1982 acquisition of Campbell Taggart, the second-largest commercial baker in the nation and the industry leader in the Sunbelt. We have followed an aggressive strategy to improve the profit contribution of our bakery operations. This program involves capital investment to expand and modernize production facilities, the introduction of new, higher-profit variety breads, and a comprehensive marketing program aimed at differentiating our products on the basis of quality.

Intense price competition has adversely affected white bread profit margins and, as previously reported, operating results did not meet our expectations last year. Campbell Taggart continues to implement productivity programs and new marketing efforts as the best means to build a more profitable operation.

Anheuser-Busch Companies is in a strong position to seek long-term growth from these subsidiary businesses and to expand its commitment to well-planned diversification. The company's cash position and substantial borrowing capacity, together with an innovative, experienced management team, provide a sound basis for making this commitment.

FINANCIAL PERFORMANCE

Anheuser-Busch Companies, Inc. again achieved record sales and earnings growth in 1984. Gross sales were $7.16 billion, 7.5% higher than the 1983 level of $6.66 billion. Net income was $391.5 million, an increase of $43.5 million over net income of $348.0 million in the previous year. Earnings per share were $7.40, an increase of 13.8% compared to $6.50 in 1983.

Capital expenditures in 1984 were $519.2 million, an increase of $91.2 million over the $428.0 million expended in 1983. Most of these expenditures were for major modernization and productivity improvement projects in both brewing and baking operations, and for increased production capacity at the Houston brewery.

In March 1984 the Board of Directors authorized a stock-repurchase program over the next four years of 4.8 million shares of Anheuser-Busch common stock. The company plans to use the repurchased shares for conversion of the outstanding convertible preferred stock issued in connection with the Campbell Taggart acquisition.

Reflecting confidence in the long-term growth prospects for the company, the Board of Directors in July announced an increase in the quarterly dividend on common stock to $.50 from $.44. For the full year the dividend per share was $1.88, an increase of 16.0% over the $1.62 per share paid in 1983.

Through its international finance subsidiary, Anheuser-Busch Overseas Capital, N.V., the company used internally generated funds to redeem $100 million in high cost debt. This redemption of all of the 16-1/2% Guaranteed Notes due in 1988 will further strengthen the company's financial position and provide substantial future debt capacity.

The company's financial objectives are aggressive and consider both earnings-per-share growth and return on investment. Anheuser-Busch continues to achieve steady double-digit earnings-per-share growth and to make substantial progress in meeting inflation-adjusted targets. Return on investment has remained strong and we will concentrate on improving this important performance measure through a balanced approach to both volume and profit growth in beer, through increased Campbell Taggart earnings, and through new diversification opportunities.

BOARD OF DIRECTORS

Under Board policy, Mr. W. R. Persons is not eligible for reelection to the Board in 1985. He has rendered significant and extraordinarily valuable service to Anheuser-Busch Companies as a member of the Board and as chairman of important Board committees. He brought an extensive business background and sound judgment to Board and Committee deliberations, and I want to pay a special tribute to Mr. Persons for his substantial contribution to the company's progress during the 22 years he has served on the Board. Fortunately, also under Board policy, Mr. Persons will serve as an advisory member of the Board for a two-year period, and we will continue to have the benefit of his sound advice and counsel.

We take pride in the accomplishments of Anheuser-Busch during 1984, and we are confident in our continued ability to achieve our objectives for excellent growth throughout the remainder of this decade.

August A. Busch III
Chairman of the Board and President
February 6, 1985

Anheuser-Busch Companies, Inc.

Anheuser-Busch Companies' key strengths include dedicated employees and wholesalers who take pride in the quality of the products they produce and the services they provide; an experienced, talented management team; a planning process that allows the company to manage change rather than just respond to it; and a belief that product quality, integrity and respect for the customer come first.

During 1984, Anheuser-Busch Companies achieved record sales and earnings in each quarter, as the company had the best year in its history.

Anheuser-Busch Companies' philosophy is to maintain a growth posture through continued beer expansion and through development of other diversified activities. The company is dedicated to quality products and excellence in all aspects of its operations; determined to be a leader and, wherever possible, to be number one in everything it undertakes.

Diversification

Anheuser-Busch Companies' primary objective is well-planned and managed growth, and the company's long-term diversification strategies reflect this commitment. These diversification strategies include vertical integration, internal development of new business areas and acquisitions.

The company's vertical integration strategy has resulted in increased knowledge of the economics of those businesses, assured quantity and quality of supply and control of both packaging and raw materials costs.

Internally developed businesses, such as Eagle Snacks, Inc. and Anheuser-Busch International, Inc., continue to progress. Eagle Snacks now self-manufactures virtually all of its products, and Anheuser-Busch International signed licensed brewing agreements in three additional countries in 1984.

Further diversification was accomplished by the 1982 acquisition of Campbell Taggart, a diversified food products company which is the country's second largest producer of fresh baked goods.

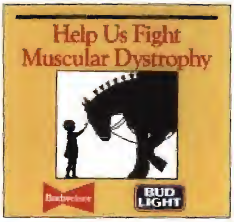
Other diversification involves joint ventures with companies on projects in which Anheuser-Busch has expertise and where return on investment could be substantial. One example is the research and development program with Interferon Sciences, Inc. (ISI) to produce interferon and related biological products through the use of ISI's genetic engineering technology and Anheuser-Busch Companies' yeast fermentation technology.

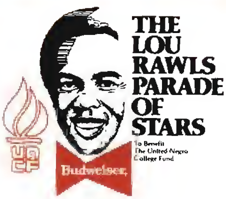
Long-range plans call for continued diversification efforts in order to broaden the company's base and expand its growth potential.

Corporate Citizenship

During 1984, Anheuser-Busch Companies and its charitable foundations contributed approximately $9 million to many non-profit organizations active in

Internally developed businesses continue to progress. Anheuser-Busch International signed licensed brewing agreements resulting in Budweiser introductions in three additional countries in 1984, including Japan.





Anheuser-Busch Companies' commitment to quality extends beyond its products and services. It is also dedicated to working in partnership with individuals, organizations and communities to build a better future for all people.

the fields of education, health care and medical research, community service, youth activities, leadership development and vocational training. These include strong support for: the United Way, health care institutions, and colleges and universities in communities where the company has manufacturing facilities; educational institutions through a matching gift program; the USO; The Anheuser-Busch/Urban League Community College Scholarship Program; the Inroads training program for minority college students; leadership training programs such as the Coro Foundation, the Cuban National Planning Council, the Mexican American Legal Defense and Education Fund (MALDEF) and the Latino Institute in Chicago; the United Negro College Fund through the Budweiser-sponsored Lou Rawls Parade of Stars telethon; and youth programs such as the Boy Scouts, Girl Scouts and Special Olympics. Also, as a national sponsor of the Muscular Dystrophy Association, Anheuser-Busch, Inc. and its wholesalers raised millions of dollars for the 1984 annual Jerry Lewis Labor Day Telethon.

The company is also actively involved in community relations programs in the 11 cities where it operates breweries. Programs in brewery cities include Operation Brightside, an innovative clean-up and beautification program which has the special benefit of providing summer jobs for minority youth.

In addition, to extend its partnership with minority communities, the company continued its Partners in Economic Progress program for minority suppliers and contractors and its minority banking program.

Industry and Government Affairs

Anheuser-Busch Companies continued its active role in public and legislative arenas on issues that can have a major impact on the company. Government restrictions like container deposit laws and excise taxes can all increase costs to consumers and disrupt the efficient operation of our brewing subsidiary.

The company continued to factually address the issues raised by industry critics, emphasizing that beer is a legal beverage that is socially acceptable and enjoyed in moderation the vast majority of time, and explaining the many positive contributions the industry makes to society and to the economy. The brewing industry is one of the most heavily taxed consumer industries. In 1984, Anheuser-Busch, Inc. paid federal and state beer excise taxes of $657.0 million.

The company continued to identify political and social issues and to actively respond to them with positive programs that offer private sector alternatives to government-mandated programs. Examples include programs that support litter reduction and voluntary recycling efforts and an extensive program to encourage responsible drinking.

The company is deeply concerned about the abuse of alcohol and the problem of driving while intoxicated and has taken an active leadership role in finding effective and appropriate solutions to the problems. An example is its Operation ALERT program which is described on pages 18-20.

The company continued to identify political and social issues and to actively respond to them with positive programs.

Anheuser-Busch Companies and its charitable foundations also provided financial support for programs and organizations which seek to better understand and combat alcohol abuse. These include substantial financial support for the Alcoholic Beverage Medical Research Foundation at the Johns Hopkins University School of Medicine for research into the social, medical and behavioral aspects of alcohol abuse. Financial support was also provided to: Students Against Driving Drunk (SADD), a program to generate awareness of the DWI problem among high school students and their parents; the Health Education Foundation for a retailer training program; UCLA for publishing its "Abstracts and Reviews in Alcohol and Driving;" and a number of other organizations active in this area.

Internally, the company's Employee Assistance Program (EAP) continued to offer employees and their families counseling on personal problems, including alcohol abuse. It has been used as a model for the development of other similar programs by many Anheuser-Busch, Inc. wholesalers and other businesses. The charitable foundation also supports ALMACA, the organization of occupational alcohol and EAP professionals, in its efforts to spread the use of EAP programs.

Members of the Anheuser-Busch wholesaler family are kept informed regarding public policy issues.

The Industry and Government Affairs department continued to direct the activities of company representatives with legislators and regulators nationally and in the 50 states. Also, members of the Anheuser-Busch wholesaler family are kept informed regarding public policy issues and are encouraged to be politically active. This involvement includes communicating the company's positive programs in their communities, promoting policy positions which are important to the company and the consumers it serves, and discussing issues with lawmakers as opportunities arise. Certain employees also participated financially by voluntarily contributing to the Anheuser-Busch Companies Political Action Committee (AB-PAC).

Through all of these activities, Anheuser-Busch Companies is strongly positioned to propose and support positive solutions, and to oppose those efforts that would place an unfair burden on the beer industry or on the consumers of its beer products.

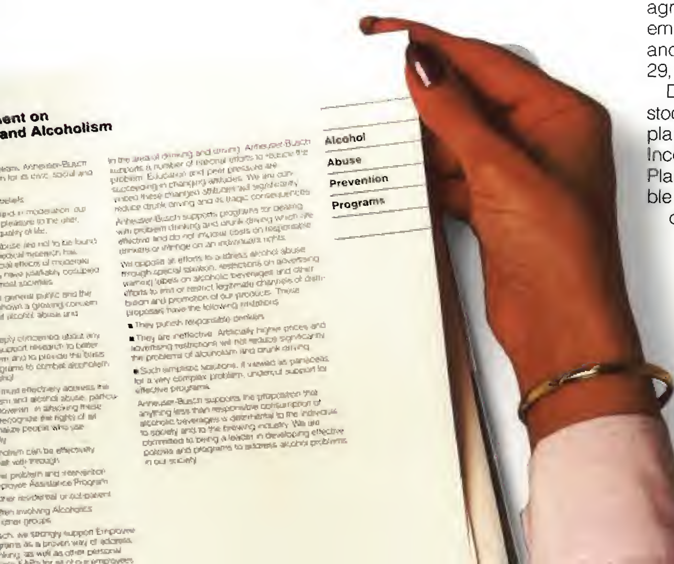
Human Resources

The company recognizes the importance of human resources for the continued success of its operations. The Office of Corporate Human Resources, formed in 1983, focuses on those human resource issues and activities that are common to all Anheuser-Busch Companies employees. A key component, begun in 1984, is human resource planning. This involves the review of current business objectives by senior executives for the purpose of identifying and implementing human resource programs necessary to accomplish those objectives.

Anheuser-Busch Companies and most of its subsidiaries continued the practice of holding communication meetings with employees. For the first time, Campbell Taggart held such meetings at 60 locations. These sessions provide an opportunity for face-to-face communication between management and employees.

In 1984, the company commenced negotiations with the Brewery Conference of the International Brotherhood of Teamsters. An agreement as to the terms and conditions of a new national labor agreement was ratified on January 27, 1985. The new collective bargaining agreement covers approximately 9,000 employees at the company's 11 breweries, and will be in effect through February 29, 1988.

During 1984, the company revised its stock purchase program. The revised plan, the Anheuser-Busch Deferred Income Stock Purchase and Savings Plan, provides salaried employees eligible under the previous plan with significant tax-advantaged investment strategies permitted under Section 401(k) of the Tax Code.



BEER AND BEER-RELATED OPERATIONS

Anheuser-Busch, Inc.'s number one objective continues to be quality. The quality of its products is one of the key reasons it has been able to so successfully meet the competitive challenges of the brewing industry.

Anheuser-Busch, Inc. is the company's major subsidiary and the world's largest brewer, a position it has held for 28 consecutive years.

ANHEUSER-BUSCH, INC.

During 1984 Anheuser-Busch, Inc. established another all-time industry record with sales of 64.0 million barrels, an increase of 5.8% over 1983 sales of 60.5 million barrels. This increase is especially significant in light of the changing competitive environment of the brewing industry and extends Anheuser-Busch, Inc.'s lead over its nearest competitor to a record 26.5 million barrels.

Gross sales of the company's brewing operations rose to $5.49 billion, an 8.0% increase over 1983 gross sales of $5.09 billion. Gross sales include federal and state beer excise taxes of $657.0 million in 1984 and $624.3 million in 1983. Net sales revenue per barrel reached $75.50 during 1984, compared with $73.69 during 1983.

Anheuser-Busch, Inc. increased its market share in 1984 with sales volume representing approximately 34.6% of total brewing industry sales (including imports) as estimated by the United States Brewers Association, compared with 32.5% the previous year. Total U.S. brewing industry sales declined in 1984 by an estimated eight tenths of one percent.

Employees continued to break production records and contribute to productivity improvement through participation in such programs as the Employee Suggestion Program.

Quality

The traditional brewing process is strictly maintained by using modern technology in a rigorous program of quality assurance. Anheuser-Busch, Inc.'s commitment to quality is based on the confidence of long experience that consumers do recognize the quality difference of its beers and that demand for quality will assure continued growth.

In addition to this ongoing commitment to quality, in 1984, an unprecedented quality awareness program was undertaken. An added impetus to the quality program is a strong feeling on the part of employees that quality, Anheuser-Busch, Inc.'s greatest strength, is a personal issue and an individual commitment.

Productivity Improvement

Productivity improvement results from a continued search for new and better ways to eliminate waste and increase efficiencies.

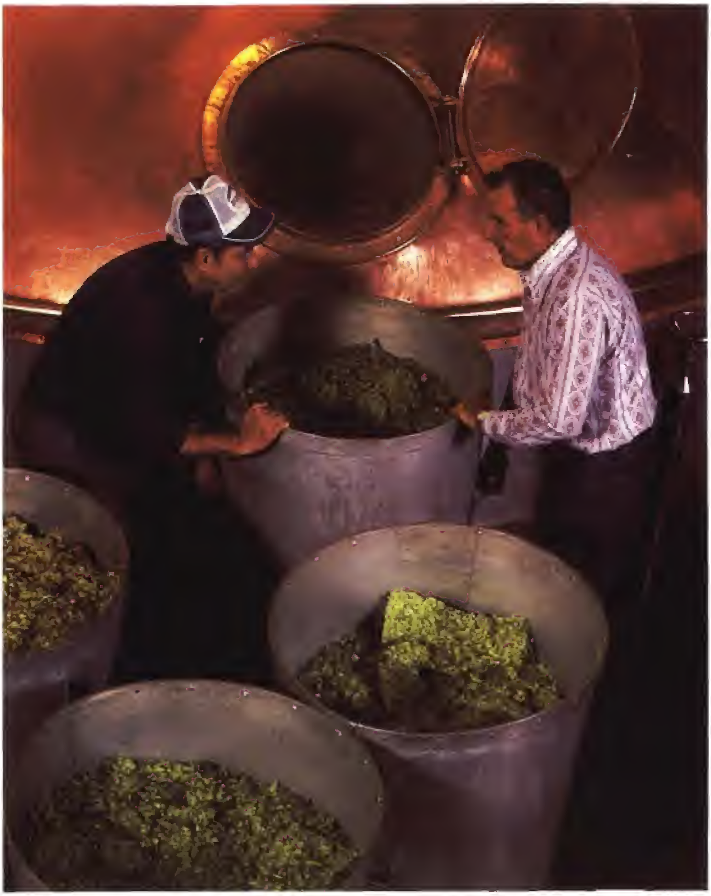
Packaging efficiency levels, brewing yields and other production efficiency measures at all 11 breweries were again at all-time highs as employees continued to break production records and contribute to productivity improvement through participation in such programs as the Employee Suggestion Program. Substantial savings have also accrued from continuing aggressive capital investment in new capacity, new equipment and improvements to existing equipment and facilities.

The improvements realized over the last five years have resulted in reduced per-barrel usage of raw materials, packaging materials and energy—resulting in total expense reductions of $250 million. Without these improvements, it is estimated that more than $200 million in capital equipment would have been required to meet production requirements.

Expansion and Modernization

An important factor in maintaining the company's competitive position is expansion and modernization of its facilities. Several expanded areas at the Houston, Tex., brewery were placed

The subsidiary has always been committed to maintaining the naturally brewed quality of its beers, using only the finest, most costly, natural ingredients selected through the most exacting requirements and specifications in the brewing industry.



in service in 1984 in anticipation of increased capacity in 1985. When completed in late 1985, this major expansion will increase production at that location by approximately 5 million barrels annually to 8.5 million barrels. After completion of this expansion, Anheuser-Busch, Inc.'s annual capacity will be approximately 75 million barrels.

In addition, during 1984, site work began on a new Anheuser-Busch, Inc. brewery in Fort Collins, Colo. The company is proceeding with the project on a step-by-step basis. The final construction schedule will depend on sales trends.

Modernizations in excess of $100 million now under way at the St. Louis and Newark breweries demonstrate the company's commitment to these cities and will ensure Anheuser-Busch, Inc.'s competitive position and enhance long-term job security for employees.

Anheuser-Busch, Inc.'s marketing strategy is long-term, designed to generate sales growth by increasing market share in specific geographic areas and among certain segments of the population, and by continuing to establish strong brand loyalties.

Marketing

Anheuser-Busch, Inc. continued its strong "total marketing" program which focuses on key geographic and demographic market segments across the country. The program supports sales efforts with local and national advertising, sales promotion and other marketing activities.

Major elements of 1984 marketing programs included expanded distribution of Busch, an added emphasis on quality, a "back to basics" selling effort, involvement in the Olympics and new products to meet varying consumer tastes and preferences.

Brands

Anheuser-Busch, Inc.'s well-balanced line of quality beers continues to be a key strength.

Budweiser remained the world's largest selling beer and the leader in the U. S. market. More than one half of the premium beer sold is Budweiser. The brand's "This Bud's For You" salute campaign continued in its sixth successful year.

Michelob continued to lead the super-premium category and introduced a new advertising campaign that capitalizes on the brand's quality heritage. The commercials' theme, "Where You're Going—It's Michelob," features people who are striving to get ahead.

Anheuser-Busch, Inc. has three light beers positioned to address different price segments. Bud Light had excellent growth in 1984. It also introduced highly successful humorous bar call commercials to encourage consumers to specifically ask for a Bud Light, not just any light beer. Super-premium Michelob Light introduced a new advertising campaign built on a life-style theme, featuring successful men and women in a series of work/play situations getting the most out of life. "Michelob Light—You Can Have It All," tells consumers that they don't have to give up good taste to

The commitment to quality that is a part of each Anheuser-Busch, Inc. beer brand is emphasized in a unique television commercial. It also highlights the pride that American workers take in the quality of goods and services they produce.

"IMAGE"

Chorus: **Here's to you America. My best I give to you.**

Announcer: **At Anheuser-Busch, it's this same personal commitment to quality that has kept our family of beers . . . the finest in the world for over 100 years.**

Solo: **I believe in America and American quality.**

Chorus: **Here's to you America. My best I give to you.**

"Somebody still cares about quality."

enjoy a light beer. The Natural Light brand had double-digit growth in 1984 and aired new commercials that are a humorous extension of its food-related advertising theme.

The Busch brand experienced rapid growth and continued to be expanded, entering the states of Louisiana, Texas, Oklahoma and New York in 1984.

Michelob Classic Dark in bottles was expanded out of its West Coast markets in 1984 with successful results, and further expansion is planned.

Because of general retailer and consumer acceptance, Anheuser-Busch, Inc. expanded its LA brand into full national distribution in August. It is the first reduced alcohol beer brewed and marketed by a major American brewer. The brand was distributed in selected test markets in early April and was expanded into 65% of the nation in May. The advertising campaign theme, "When Do You Say LA," is designed to give consumers suggestions of appropriate times to drink the brand.

Anheuser-Busch, Inc. wholesalers continued to set standards of excellence and leadership for the industry with sophisticated and innovative operations and programs.

In 1984, Anheuser-Busch, Inc. expanded its product line into another category—malt liquor—offering a new choice of quality products to meet different consumer tastes and preferences. Two brands, King Cobra and Jaguar, were introduced into test markets in April. In October, King Cobra was selected as the brand name, and it continues to be tested in all original test markets, with expansion into additional markets planned.

Olympics

The Los Angeles Summer Olympics played a key role in Anheuser-Busch, Inc.'s 1984 marketing efforts. In addition to providing a strong marketing opportunity, they were a source of pride to the company, which was honored to be involved in this historic event.

The company's Olympic involvement offered the opportunity to highlight its products in various merchandising, sales promotion and advertising programs and to bring home the brands' messages of the "best" in unique and effective ways. Media, ad-critic and consumer response to the special Olympic advertising—especially the Bud Light "Heartland" and the Budweiser "Factory" spots—praised the commercials' message about the Olympic spirit in each of us.

Distribution

During 1984, the Wholesaler Advisory Panel celebrated its 20th anniversary. The panel, comprised of a cross section of wholesalers who meet regularly with top management, offers the opportunity to openly communicate about—and act upon—key company and industry issues.

The company recognizes the importance of a strong brewer-wholesaler team and is committed to improving that strength by developing programs to assist wholesalers in improving their profitability. These programs encompass cost analysis, productivity improvement, a communications network to enable wholesalers to link their equipment with the company's computer system and expansion of wholesaler financing assistance.

Also during 1984, Anheuser-Busch Investment Capital Corporation was formed to share equity positions with qualified partners in owning Anheuser-Busch, Inc. distributorships.

Wholesale Operations

The Wholesale Operations Division, which operates company-owned wholesalerships, had a successful year in 1984. It opened new facilities to replace existing ones in Boston and New Orleans and began major renovations in Sylmar and Riverside, Calif. Implementation of a major productivity improvement program resulted in cost savings of more than $1 million.

The division is also actively involved as a "testing ground" for wholesaler programs which it and other brewery departments initiate. Many of these programs have been or may be used by the company's independent wholesalers. Programs have included: productivity-improvement related projects to reduce vehicle maintenance and fuel and energy usage; and computer-related projects dealing with route accounting and scheduling, automated order entry, electronic mail and expense tracking.

Beer Planning

Beer Planning ensures that marketing, operating and growth strategies, along with marketplace plans and physical plant facilities, are integrated and on target for both the short- and long-term. Anheuser-Busch, Inc. has led the industry in total marketing planning and continues to excel in quality new product development through careful analysis of consumer and industry trends and preferences. In addition, Beer Planning is responsible for the complex job of planning the production capability of the breweries and for their daily and long-range shipping plans. This includes the logistics of the product flow from the 11-brewery network to the approximately 950 wholesaling locations.

Anheuser-Busch Wines, Inc.

During 1984, Anheuser-Busch Wines, Inc. became a subsidiary of Anheuser-Busch, Inc. to better coordinate the marketing of Master Cellars wines through the brewery's wholesaler network. In 1984, distribution was expanded out of the original markets in Northern California and Western Colorado to markets in Southern California. Further expansion is planned in 1985.

Master Cellars wines are premium California wines packaged in stainless steel returnable kegs exclusively for on-premise retailers. The present product line includes a Dry Chablis, Classic Chablis (semi-dry), Vin Rosé and Burgundy.

Alcohol Awareness

Although beer has traditionally been considered the beverage of moderation, Anheuser-Busch recognizes that it has a role to play in addressing the problems associated with alcohol abuse. In the vast majority of cases, normally responsible persons simply need a reminder to avoid overindulgence, and the company has focused its attention on this positive approach.

The company's leadership role in finding effective and appropriate solutions to the alcohol abuse problem is demonstrated by the development of Operation ALERT. This grass roots program is based on the philosophy of Action and Leadership through Education, Responsibility and Training.

The Operation ALERT program was developed by a special task force, using the resources of both the Anheuser-Busch, Inc. Marketing Department and Anheuser-Busch Companies Department of Industry and Government Affairs. Operation ALERT serves as an umbrella covering a variety of different awareness and educational programs. Many of these programs were developed specifically for Operation ALERT by Anheuser-Busch; others represent the work of outside organizations or agencies. In the latter cases, Anheuser-Busch is working in cooperation with these groups, communicating and mer-

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chandising their programs through Operation ALERT.

Anheuser-Busch, Inc. wholesalers are working with retailers in their markets to implement these activities.

Education to promote responsibility in the use of alcohol is a highly effective course of action that concentrates on the real problem—the misuse of alcohol—as the vast majority of beer drinkers consume the products responsibly.

Major internally developed educational programs include:

• **"Know When to Say When":** This nationwide program is sponsored by Anheuser-Busch, Inc. wholesalers to promote responsible drinking. It includes materials that deliver a responsibility message to consumers at point of purchase locations and in a variety of other settings. A film is also available for showing to various groups.

• **"Buddy System":** This campaign, developed for college students and contemporary adults of legal drinking age, features merchandising materials that emphasize both personal responsibility and being responsible for friends. One element encourages college students to telephone a friend for transportation if they have had too much to drink.

Externally developed educational programs include:

• **Preventing Alcohol Abuse:** This National Beer Wholesalers' Association program includes separate curricula for elementary, junior and senior high schools. It is designed to give students factual, non-judgmental, realistic information about alcohol and its effect on people. Lesson plans, audiovisual materials, discussion outlines, teachers' guides and other teaching aids are made available to schools at no charge.

• **SADD:** Students Against Driving Drunk (SADD) is a private, not-for-profit organization which receives financial support from a variety of sources, including Anheuser-Busch. SADD sponsors a nationwide education program that teaches high school students about the dangers of drinking and driving. One important element is a signed agreement in which parents and their teenagers pledge to come to one another's aid should they find themselves in a potential drunk driving situation. A version of this program has also been developed for college students.

Additional programs that demonstrate Anheuser-Busch, Inc.'s responsibility in solving alcohol abuse problems include:

• **Marketing Guidelines:** Anheuser-Busch, Inc. has formally implemented a set of guidelines for marketing to contemporary adults. The guidelines define and support the use of good judgment and responsibility in all contemporary adult promotions and marketing activities. Anheuser-Busch, Inc. and other major American brewers have recently revised the voluntary advertising guidelines for the industry.

• **"I'm Driving" Program:** This designated driver program is another approach to the drunk driving problem. It was made available to retailers nationwide with instructions and supporting merchandising materials. The idea is simple. A group of consumers will pick one person to be the "I'm Driving" person who elects not to drink and will be responsible for driving the others home. The retailer gives this person incentives, such as free food, or a rain check for a free alcoholic beverage during a future visit, and a badge or other identification entitling him or her to free soft drinks.

• **Responsible Happy Hours:** Retailers are being encouraged to sponsor happy hours that offer something in lieu of reduced-price drinks. Suggestions include free snacks, reduced food prices or live entertainment.

In addition, retailers across the nation are realizing that formal training is needed to avoid situations of alcohol abuse. A number of outside organizations have developed various retailer server training programs to train bartenders, waiters and waitresses to prevent these situations. One of these is T.I.P.S., Training for Intervention Procedures by Servers of Alcohol. It is a six-hour course developed by Dr. Morris Chafetz, the founding director of the National Institute on Alcohol Abuse and Alcoholism. Anheuser-Busch, Inc. has made arrangements to make this training available through its wholesaler network to retailers' employees (except where prohibited by law).

While the problems associated with alcohol abuse are worthy of public concern, the company is confident that the programs it has undertaken—and those of other members of the industry—are having a material impact. In fact, most indicators of alcohol abuse are on the decline. Neither Anheuser-Busch nor the brewing industry can claim sole credit for these positive developments. However, there is little doubt that responsibility messages—coming voluntarily from brewers—can have a unique impact.

BUSCH AGRICULTURAL RESOURCES, INC.

In 1984, the subsidiary expanded its capabilities to better serve internal as well as external customers, establishing new records based on sales of malt to Anheuser-Busch, Inc., and milled rice to outside customers. It now supplies 32% of Anheuser-Busch Inc.'s malt needs and has the potential to supply 20% of its brewing requirements for milled rice.

The subsidiary's leased grain facility in Fargo, N. D., completed its first full year of operation. It has enhanced the ability of Busch Agricultural Resources to control the quality of barley for malting. In 1984, the subsidiary's barley seed research facility at Berthoud, Colo., released Premier, its first malting barley variety. Premier is a two-row barley type approved for use by Anheuser-Busch, Inc. and the American Malting Barley Association.

Busch Agricultural Resources' other new business, Nutri-Turf, expanded its land application operations to Robersonville, N. C., in addition to continuing operations in Jacksonville and Houston. The operation will also pursue development into related agricultural business areas.

In August 1984, the Manitowoc malt plant experienced a serious fire in one of the new kilns associated with its recent 4-million bushel expansion. The portion of the facility affected was insured and is being rebuilt. It will commence production in July 1985.

CONTAINER RECOVERY CORPORATION

The company's can recycling subsidiary collected more than 240 million pounds of aluminum in 1984, an increase of 32% over 1983. The second largest U.S. aluminum recycler, Container Recovery Corporation operates in 48 states and the District of Columbia. The operation also provides a positive alternative to mandatory deposits and helps reduce the inflationary pressures on container costs. It has three container recycling process plants located in Marion, Ohio; Nashua, N. H.; and Cocoa, Fla.

Metal Container employs the latest technologies and cost-effective methods to further reduce costs and remain among the low-cost producers in the container industry.

METAL CONTAINER CORPORATION

The company's can and lid subsidiary produced 3.8 billion cans in 1984, providing approximately 33% of Anheuser-Busch, Inc.'s total can requirements.

A major modernization program was initiated at the Arnold, Mo., facility, one of the subsidiary's three can plants. The first modernized line was completed in late 1984 and the remaining lines will be completed in early 1985.

The new Gainesville, Fla., lid production plant successfully completed its first full year of commercial operation in 1984. This facility produces ecology lids (stay-on tabs) using state-of-the-art lid making technology. An expansion program has begun, which will increase capacity by 33% by the end of 1985. In addition, preliminary engineering work has begun on a second lid plant in Oklahoma City, Okla. Construction is scheduled to begin in the second quarter of 1985 and production in mid-1986.

Metal Container will continue its expansion, modernization and productivity improvement programs.

The unique Israeli packaging has the familiar Budweiser label on one side and the Hebrew translation on the other.

ANHEUSER-BUSCH INTERNATIONAL, INC.

During 1984 the company's international licensing and marketing subsidiary successfully launched locally brewed Budweiser in Japan, Israel and the United Kingdom.

In Japan, Budweiser made the transition from the country's largest-selling import to a locally produced product as Suntory Limited began licensed brewing. To complement its broadened Budweiser distribution, Suntory began importing the super-premium Michelob brand. In Israel, Budweiser is brewed and sold by the National Brewery Limited. Watney Mann & Truman Brewers Ltd. of the United Kingdom introduced locally brewed Budweiser into southern England in May. After a successful test there, it was expanded into the metropolitan London market in November.

In addition, locally brewed Budweiser continues to be one of Canada's top 10 beer brands. Export agreements for Budweiser and/or Michelob have placed these brands in a number of other international markets including Hong Kong, Singapore, Guam, New Zealand, Panama and Sweden.

The subsidiary will continue to develop export markets and search for suitable new licensees capable of brewing and marketing Anheuser-Busch, Inc.'s quality beers.

Food Products Operations

Campbell Taggart continued its strategy to differentiate its brands by emphasizing their quality and by providing marketing support to win a strong consumer franchise for its products.


STONE GROUND
WHEAT
Colonial
BIG

CAMPBELL TAGGART, INC.

Campbell Taggart, Inc. is a highly diversified food-products company with operations in bakery products, refrigerated foods, frozen foods and international markets. During 1984, the subsidiary continued to plan and implement changes for future sales and earnings growth. These included a major capital expenditure program to modernize facilities and increase productivity, the introduction of new products and a comprehensive marketing program emphasizing the quality difference of its products.

In addition, during 1984, Campbell Taggart completed the purchase of minority interests in various bakeries.

Bakery Operations

The bakery division, Campbell Taggart's largest, accounted for 72% of sales. The 1984 operating results of Campbell Taggart's domestic bakeries did not meet expectations. This was due to intense price competition which adversely affected profit margins and a continuing market shift from name brand to private label products. Higher expenses also resulted from strengthened marketing programs and upgraded facilities.

Despite the competitive nature of the industry, a price increase was successfully implemented in the third quarter of 1984, which provided some relief in recovering cost increases.

Campbell Taggart continued its strategy to differentiate its brands by emphasizing their quality and by providing marketing support to win a strong consumer franchise for its products.

An excellent example is the Earth Grains product line which had a more

Campbell Taggart remained the second largest commercial baker in the U.S. and the leader in the Sunbelt.

than 10% volume increase in 1984. Advertising and promotion support positioned the brand as the premium variety bread in America. Its association with the Los Angeles Olympics, as the "Official Bread Supplier to the 1984 Summer Olympic Games," was a focal point of the 1984 marketing program.

Another example is the Grant's Farm line of variety breads which was introduced into St. Louis area markets in April and expanded into four additional markets in October. This introduction was one of the most successful of any new family of bread products. The seven varieties—wide pan Buttermilk, Stone Ground Wheat, Wheat Berry, Seven Whole Grain and Honey Grain Cracked Rye, and standard pan Buttermilk and Stone Ground Wheat—are truly differentiated by their quality and recipe.

New packaging, truck graphics and an advertising campaign for name brand white bread—Colonial, Rainbo and Kilpatrick's—focused on product quality. The advertising campaign, "We've Got the Best Right Here," also emphasized that the products are made by a local bakery, which is a part of the community. White bread sales responded positively to promotions held throughout the year.

A major capital investment program to modernize facilities and improve productivity also continued. The program is based on investing in areas that exhibit long-term profitability potential. Bakeries being modernized include St. Louis, Sacramento, Oakland, Charlotte and Denver.

Refrigerated Products

Campbell Taggart remained the leading manufacturer of private label refrigerated dough products in the country. These refrigerated dough products offer consumers high quality alternatives to branded items.

During the year, programs were launched to improve the quality of private label products in certain higher margin areas and to enhance the company's ability to respond to consumer demand for specialty private label dough products. The first new product to result from this effort was "Hot 'N' Fresh" bread loaf which was introduced in late 1984.

Frozen Food Products

In 1984, El Charrito, Inc. completed a major restaging of its line of frozen Mexican foods including product reformulations, packaging graphics and a new advertising campaign. The program was designed to satisfy consumer demand for a distinctive line of authentic Mexican dishes. The new line will be introduced to the market in early 1985.

Advertising and sales promotions positioned the Earth Grains brand as the premium variety bread in America.

A new bakery in Almansa, Spain, Bimbo's sixth, is built in the shadow of a Spanish castle. The bakery started some operations in late 1984.

International

Campbell Taggart's Spanish subsidiary, Bimbo, S.A., remained the largest commerical baker in Spain. In France, the Europate subsidiary began producing frozen dough products, in addition to its refrigerated line, and distribution was expanded to additional European countries.

Other

In 1984, three additional Old America Stores were opened, bringing the total to eight. These stores sell imported and domestic decorating and craft merchandise. Another Campbell Taggart subsidiary, Herby's Foods, continued to supply fresh sandwiches daily for sale to convenience stores and vendors. Campbell Taggart's folding carton packaging division continued to produce folding cartons for sale to other Campbell Taggart divisions and to outside customers.

EAGLE SNACKS, INC.

In 1984, Eagle Snacks, Inc. began self-manufacturing virtually all of its snack products through the expansion of its Robersonville, N. C., plant and the start up of additional lines at the Campbell Taggart Fort Payne, Ala., plant.

The subsidiary also added 11 new products to its line of premium snack foods and nuts. Eagle Snacks are sold in approximately 100 markets in the Eastern U.S., to many airlines and in most major airports across the country.

A unique national marketing program during the 1984 holiday season teamed Eagle Snacks HONEY ROAST brand peanuts with Anheuser-Busch, Inc.'s Michelob and Michelob Light beer brands. The brewery's wholesalers displayed the snack products with these two brands to create a joint promotional effort that introduced Eagle Snacks HONEY ROAST brand peanuts to consumers beyond their regular distribution areas.

In 1985, Eagle Snacks, Inc. will continue to expand its distribution area and bring to the marketplace more new premium differentiated snack products.

In 1984 Eagle Snacks added new products to its line of premium snack foods and nuts.

BUSCH INDUSTRIAL PRODUCTS CORPORATION

In 1984, the subsidiary remained the leading producer and marketer of compressed baker's yeast, as its strong association with the U.S. baking industry continued to provide sales stability and growth.

A 20% capacity expansion and modernization of the St. Louis yeast plant is well under way, and the project is expected to be completed in 1985.

A new bio-energy recovery system, one of the first of its kind among yeast producers throughout the world, neared completion at the Old Bridge, N. J., plant. The waste treatment system, designed to reduce energy costs and improve waste disposal efficiency, is expected to be operational in 1985.

In Bakersfield, Calif., Busch Industrial Products completed its first full year of land application for liquid waste disposal at a ranch near its yeast plant. The ranch uses the nutrient value of the effluent from the plant to grow alfalfa. The system reduces waste disposal costs while generating income through the sale of alfalfa.

The subsidiary also continued to produce a range of autolyzed yeast extracts (AYE) in a modern St. Louis facility. These products are primarily used as flavor enhancers in the food processing and snack industries. In 1984, a substantial volume of AYE was sold to the fermentation industry in a new application as a growth medium nutrient.

Sales continued to be strong for Budweiser Autolyzed Yeast, a high protein product introduced in 1983 specifically for the processed meat industry. New markets for the product are being studied to expand sales in 1985.

Busch Industrial Products plants, located in Bakersfield, Calif., St. Louis, Mo., and Old Bridge, N.J., achieved record sales and production volumes in 1984.

DIVERSIFIED OPERATIONS

Diversified businesses include the Busch Gardens family entertainment theme parks.

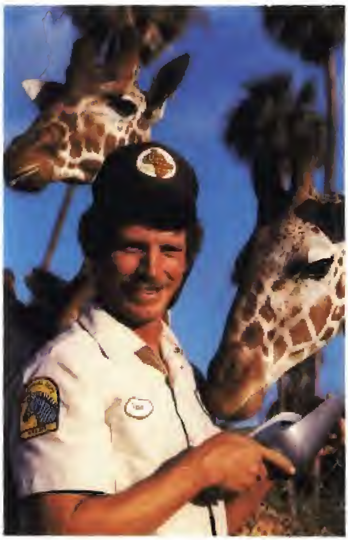

DEBRA

BUSCH ENTERTAINMENT CORPORATION

During 1984, Busch Gardens—Williamsburg (The Old Country) opened "The Big Bad Wolf," a new suspended roller coaster, in the Oktoberfest section of the park. Despite a decline in tourism in Virginia, attendance at The Old Country increased slightly to 1.96 million visitors in 1984.

Busch Gardens—Tampa (The Dark Continent) opened "The Phoenix," a new ride in the Timbuktu section of the park. In 1984, attendance at the park decreased 1.6% to 2.85 million guests, primarily due to record cold temperatures in Florida which hurt tourism during the key winter months.

Adventure Island, the subsidiary's water park adjacent to Busch Gardens—Tampa, had its second consecutive record year with the introduction of the "Baratuba," an all-family inner tube ride. Strong attendance throughout the summer helped increase attendance by 6% over the previous record year in 1983.



Busch Gardens—Tampa participated in the capture of a herd of African reticulated giraffes, which were relocated to the park. The species is threatened in its native Kenya, and this dramatic rescue project received recognition throughout the world.

Busch Entertainment owns and operates Sesame Place, an action-oriented play park for children ages 3-13, based on the popular Sesame Street children's show. Located just north of Philadelphia, the park successfully introduced a new water ride which helped increase 1984 attendance by 14%. The Dallas Sesame Place park, however, had an attendance decline, and will not be reopened for the 1985 season.

BUSCH PROPERTIES, INC.

Busch Properties, Inc., the company's real estate development subsidiary, had a profitable year with record sales of single family homesites, townhouses and golf villas at Kingsmill on the James. The third phase of golf villas at this development near Williamsburg, Va., sold out in 1984 and a fourth phase is now under construction. Operation of the rental program for the golf villas continues to be successful.

Construction got under way on a new 18-hole golf course designed by Arnold Palmer. It should be available for play in the fall of 1985. The annual Anheuser-Busch Golf Classic was held on Kingsmill's existing 18-hole course in 1984.

The Busch Corporate Center business/industrial park at Williamsburg sold land for a convenience center and two office sites in 1984. The Columbus Busch Corporate Center suffered from a continued depressed office market in the area.

Improvements to Busch Stadium in 1984 included the installation of a revolutionary drain-through AstroTurf-8 field surface.

ST. LOUIS NATIONAL BASEBALL CLUB, INC.

In 1984, the St. Louis National Baseball Club had its third straight year of two-million plus attendance at home. The team's late-season surge brought it to a third place finish in the National League Eastern Division. The 1984 Cardinals team featured speed as an offensive weapon, stealing more than 200 bases for the third straight season, something no club had done since 1916. Pitcher Joaquin Andujar was the National League's only 20-game winner.

In early 1985, former Cardinal Lou Brock was elected to the Baseball Hall of Fame. Brock holds the Major League record for career stolen bases and the National League record for bases stolen in one season. He is also a member of Baseball's elite 3,000-hit club.

Also in 1985, the Cardinals named Dal Maxvill, former Cardinal shortstop, as the Club's new General Manager.

CIVIC CENTER CORPORATION

The year 1984 was one of continued success and expansion for the subsidiary and for Busch Stadium, one of its major properties. Acquisitions included the St. Louis Sports Hall of Fame Museum and Gift Shop and the Stadium Club, a restaurant/private membership club. Both are located on stadium premises. Extensive renovation will be completed at each facility in 1985. Additional improvements included the construction of the new Busch Stadium Plaza, featuring trees and shrubbery with convenient benches attractively situated around the stadium.

For the second consecutive year more than three million guests visited the stadium. Total event days increased to 110 and concession income per capita was up an average of 5% for all events.

In addition to Busch Stadium, Civic Center Corporation owns various downtown St. Louis properties, including four parking garages adjacent to or near the stadium and 2-3/4 undeveloped downtown city blocks. The area's continuing rapid development places these properties in attractive positions for future development opportunities.

In 1984 Busch Creative produced two documentary programs for the Public Broadcast System on Hispanic-American contributions to the country.

BUSCH CREATIVE SERVICES CORPORATION

The company's multi-media and creative design subsidiary doubled its sales to outside clients in 1984 compared to 1983, while continuing to service Anheuser-Busch Companies with high quality, state-of-the-art business meetings, sales promotion and video services. Busch Creative has won a number of awards for its many creative projects and is well positioned to take advantage of continuing growth in the business communication industry.

ST. LOUIS REFRIGERATOR CAR COMPANY

The subsidiary continued to provide commercial repair, rebuilding, maintenance and inspection of railroad cars. Its fleet of 650 insulated and cushioned railroad cars, used exclusively for the transportation of Anheuser-Busch, Inc.'s beers, continued to be well utilized. Results significantly improved in 1984 compared to 1983, as demand for repair services rose due to the improved economy and traditional rail users increased activity.

MANUFACTURERS RAILWAY COMPANY

Manufacturers Railway continued to provide terminal rail switching services to St. Louis industries and to operate a fleet of rail cars used by the company and others. Its subsidiaries also furnished truck cartage and warehousing services at several brewery locations. The subsidiary had a profitable 1984, improving its performance over the previous year. The level of brewery-related activity continued to keep Manufacturers Railway relatively unaffected by fluctuations in the economy.

JOINT VENTURES

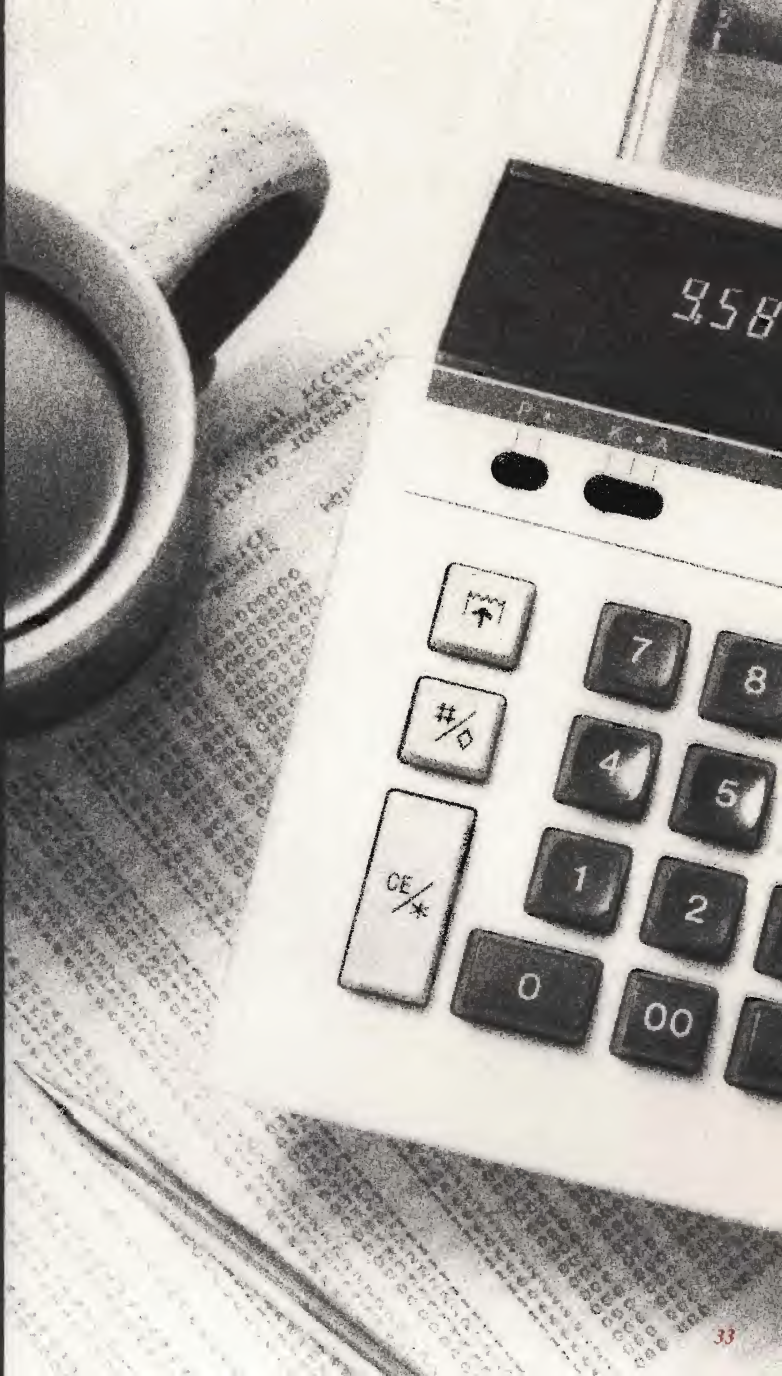
International Label Company

The International Label Company is a joint venture between Illochroma International, S. A. of Brussels, Belgium, and a wholly owned subsidiary of Anheuser-Busch Companies. In 1984, International Label produced more than 4.5 billion metalized labels, its specialty, using the latest technology in the rotogravure printing industry. International Label is expanding its marketing and development efforts in order to respond to future trends in packaging.

Sports Time

Sports Time cable television network, a limited partnership between AB Sports, Inc., Multimedia Sports Productions, Inc. and TCI Sports, will suspend operations effective March 31, 1985. The cable network began broadcasting in April 1984 as an all-sport cable channel available in 16 Midwestern states. Sports Time lived up to its goal of providing a top lineup of quality professional and amateur regional sports programming, but it did not generate sufficient revenues from cable subscribers and advertisers to cover its operating costs.

Financial Review Contents



Management's Discussion and Analysis of Operations and Financial Condition

This discussion summarizes the significant factors affecting Anheuser-Busch Companies, Inc. operating results and financial condition during the past three years. Additional information concerning the company's operations and financial condition is contained in the Letter to Shareholders and Operations Review sections of this report.

OPERATIONS

The operations of Anheuser-Busch Companies, Inc. include the results of Campbell Taggart, Inc. since November 2, 1982. In accordance with generally accepted accounting principles, the financial statements for 1982 have not been restated to include the results of Campbell Taggart prior to acquisition. The operating results of Campbell Taggart for the period November 2, 1982 through December 31, 1982 did not have a significant impact on 1982 consolidated operating results.

Sales

Anheuser-Busch Companies, Inc. achieved record gross sales during 1984 of $7.16 billion, a 7.5% increase over 1983 gross sales of $6.66 billion. Gross sales include federal and state beer excise taxes of $657.0 million in 1984 and $624.3 million in 1983. Net sales were a record $6.50 billion, an increase of $470.0 million over 1983 net sales of $6.03 billion. The growth in sales reflects the increases in beer sales volume and revenue per barrel and the increasing sales of the company's other subsidiaries.

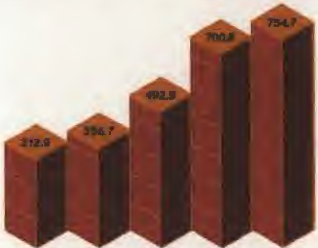
In 1984 an all-time industry record of 64.0 million barrels of beer were sold. This represents an increase of 3.5 million barrels or 5.8% over 1983 beer volume of 60.5 million barrels and follows volume gains of 1.4 million barrels in 1983 and 4.6 million barrels in 1982, which represented increases of 2.4% and 8.5%, respectively. During the same periods, revenue per barrel has increased 2.5%, 6.1% and 6.7%.

NET SALES

(In billions of $)

OPERATING INCOME

(In millions of $)



Cost of products sold

Cost of products sold for 1984 was $4.41 billion, a 7.3% increase over the $4.11 billion reported in 1983. This increase follows a 23.5% and 12.0% increase in 1983 and 1982, respectively. The increase for 1984 is primarily related to higher beer sales volume while the 1983 increase primarily results from the inclusion of Campbell Taggart cost of products sold for the full year. During the past three years, the company has experienced higher costs for materials, energy and utilities, payrolls, supplies, depreciation, insurance and taxes.

As a percent of net sales, cost of products sold has declined during the past three years from 72.8% in 1982 to 68.2% in 1983 and 67.9% in 1984.

Marketing, administrative and research expense

Marketing, administrative and research expenses for 1984 were $1.33 billion, an increase of 9.2% over 1983. This increase compares to increases of 62.3% for 1983 and 46.0% for 1982 which largely resulted from the inclusion of Campbell Taggart expenses. These

expenses have increased over the past three years as a result of the higher level of sales activity, introduction of new beer brands and new bread products, entering international markets, and diversification into new products/ventures. Areas significantly affected by these factors since 1981 include media advertising, point-of-sale material, developmental expenses associated with new advertising and marketing programs for established products as well as new products; operating expenses of company-owned wholesale operations; payroll and related costs; business taxes; depreciation; supplies and general operating expenses.

Taxes and payroll costs

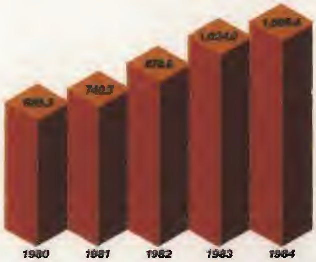
Taxes applicable to 1984 operations (not including the many indirect taxes included in materials and services purchased) totaled $1.10 billion and highlighted the burden of taxation on the company and the brewing industry in general. Taxes for 1984 increased $74.5 million or 7.3% over 1983 taxes of $1.02 billion. This increase follows increases of 16.6% in 1983 and 18.7% in 1982 and results principally from increased beer excise taxes related to higher sales volumes and higher income taxes related to the company's increased earnings level.

Payroll costs during 1984 totaled $1.43 billion, an increase of $76.7 million or 5.7% over 1983 payroll costs of $1.35 billion. This increase follows a 58.3% increase in payroll costs in 1983 and a 24.3% increase in 1982. The increases in payroll costs reflect the addition of Campbell Taggart and the effect of normal increases in salary and wage rates and benefit costs.

Salaries and wages paid during 1984 totaled $1.16 billion. Pension, life insurance and welfare benefits amounted to $174.7 million and payroll taxes were $90.3 million. Employment at December 31, 1984 was 38,461 compared to 39,320 at December 31, 1983.

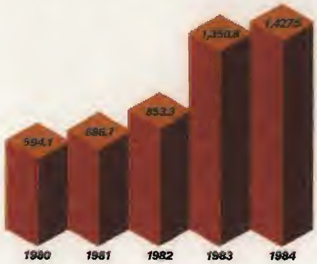
TOTAL TAXES PAID

(In millions of $)



TOTAL PAYROLL COST

(In millions of $)



Operating income

Operating income, the measure of the company's operating performance before interest costs, other expense and nonrecurring items, was $754.7 million in 1984, a $53.9 million increase or 7.7% over 1983. Operating income as a percent of net sales was 11.6% in 1984 and 1983 as compared to 10.8% in 1982.

Net interest cost

Net interest cost, or interest expense less interest income, before capitalization of interest, was $79.9 million in 1984, a decrease of $19.0 million when compared to 1983 net interest costs of $98.9 million. The decrease in net interest costs in 1984 as compared to 1983 is due primarily to reductions in long-term debt and increased interest income due to the availability of additional cash for investment. The increase in 1983 net interest cost compared to 1982 net interest cost of $72.2 million is primarily due to the issuance of the $100.0 million of 11-7/8% sinking fund debentures in October, 1982 and the assumption of Campbell Taggart debt.

Net income

Net income for 1984 was $391.5 million, an increase of 12.5% compared with

$348.0 million for 1983. Earnings per share of common stock for 1984 were $7.40, an increase of 13.8% compared with $6.50 for 1983.

Net income for 1983 represented an increase of 27.0% over 1982 net income of $274.0 million, which excludes the $13.3 million nonrecurring gain on the sale of the Lafayette Corn Refining Plant. Fully diluted earnings per share in 1983 were $6.50, an increase of 16.1% compared to the $5.60 per share earned in 1982, excluding the nonrecurring gain which increased 1982 fully diluted earnings per share by $.28 to $5.88.

The effective tax rate was 43.2% in 1984, compared to 43.5% in 1983 and 39.4% in 1982. The changes in the effective tax rate from year-to-year are primarily due to the varying amounts of investment tax credit generated in each year.

FINANCIAL POSITION

Liquidity and Capital Resources

The company's primary sources of liquidity are cash provided from operations and external committed debt facilities. Information on the company's cash flow for the past three years is set forth in the Consolidated Statement of Changes in Financial Position on page 44 of this report.

Working capital at December 31, 1984 was $80.3 million as compared to 1983 working capital of $175.1 million. The working capital ratio was 1.1 to 1, 1.2 to 1 and 1.1 to 1 at December 31, 1984, 1983 and 1982, respectively.

During 1984, the company redeemed all of its $100.0 million, 16-1/2% Guaranteed Notes due 1988. Pursuant to the early call provision of the notes, the redemption price was 101.5% of the principal amount, or $101.5 million. Internally generated funds were used for the redemption. In addition, during 1984 the company acquired for $20.6 million the minority interest in the consolidated subsidiaries of Campbell Taggart.

During 1982, the company expended $275.0 million in cash and issued $285.0 million of convertible redeemable preferred stock to purchase all the outstanding common shares of Campbell Taggart, Inc. This transaction is discussed in Note 2 to the Consolidated Financial Statements.

During the next five years, the company plans an extensive capital expenditure program designed to take advantage of growth opportunities for its beer, food products and other businesses. Cash flow from operations will provide the principal source of funds to support these capital investments. However, a capital investment program of this magnitude may require external financing from time to time. The nature and timing of external financing will vary depending upon the company's evaluation of existing market conditions and other economic factors.

In October 1982, the company filed a shelf registration statement covering up to $200.0 million of debt securities. During October 1982, the company issued $100.0 million of 11-7/8% sinking fund debentures due in 2012 under the shelf registration statement. The proceeds from this debt issue were primarily used for the purchase of Campbell Taggart common stock. The company has the option to issue the remaining $100.0 million of debt securities at such time it considers appropriate.

In April 1982, the company called for redemption all the outstanding 9.00% convertible subordinated debentures due October 1, 2005. Substantially all of the bondholders converted their debentures at a price of $35.94 per share, resulting in the issuance of approximately 2.8 million shares of common stock.

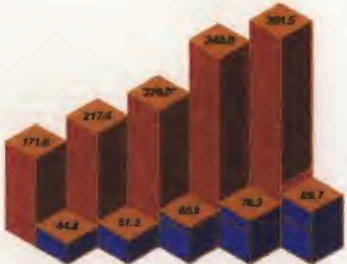
In addition to permanent debt financing, the company maintains access to the short-term capital market utilizing bank credit agreements and commercial paper to finance short-term working capital requirements and as a bridge to permanent financing of capital investments. The company has formal bank credit agreements which provide for maximum borrowings of $500.0 million. These agreements, the details of which are discussed in Note 4 to the Consolidated Financial Statements, provide the company with immediate and committed sources of liquidity.

NET INCOME/ DIVIDENDS ON COMMON STOCK

(In millions of $)

Net Income

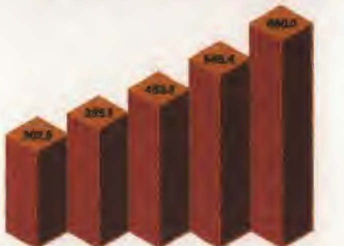
Dividends



***Excludes nonrecurring, after-tax gain of $13.3 million on sale of Lafayette plant.**

AMOUNT PROVIDED FOR EXPANSION*

(In millions of $)



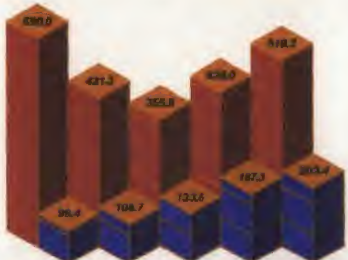
***Working capital provided by operations less dividends.**

CAPITAL EXPENDITURES/ DEPRECIATION AND AMORTIZATION

(In millions of $)

Capital Expenditures

Depreciation and Amortization

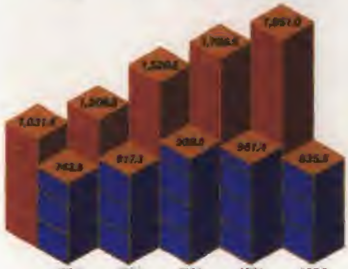


SHAREHOLDERS EQUITY/LONG-TERM DEBT

(In millions of $)

Shareholders Equity

Long-Term Debt



The company's ratio of total debt to total debt plus equity was 27.2%, 31.9% and 35.4%, at December 31, 1984, 1983 and 1982, respectively. This percentage has been calculated by including convertible redeemable preferred stock as part of equity because it is convertible into common stock and trades primarily on its equity characteristics.

Capital expenditures

The company has a formalized and intensive review procedure for all capital expenditures. The most important measure of acceptability of a capital project is its projected discounted cash flow return on investment.

Capital expenditures in 1984 amounted to $519.2 million as compared with $428.0 million in 1983. During the past five years, capital expenditures totaled $2.3 billion.

Capital expenditures for 1984 for the company's beer and beer-related operations were $393.1 million. Major expenditures by the company's brewing subsidiary include the expansion of the Houston, Tex., brewery and numerous modernization projects designed to improve productivity at all breweries. In June 1984 the company completed the acquisition of property for a possible new brewery and adjacent residential, commercial and industrial development in Fort Collins, Colo. A final determination as to when construction will begin on the 4.5 million barrel brewery has not been made. Major capital investments were made by Metal Container Corporation for the modernization of the Arnold, Mo., can manufacturing facility.

The remaining 1984 capital expenditures totaling $126.1 million were made by the company's food products and diversified operations. Major expenditures include numerous Campbell Taggart modernization and productivity improvement programs; Eagle Snacks expansion of its Robersonville, N. C., plant and the start-up of additional lines at the Campbell Taggart Fort Payne, Ala., plant; expansion by Busch Industrial Products of its St. Louis yeast plant; and new Busch Entertainment attractions.

The company expects its capital expenditures in 1985 to exceed $550 million.

Capital expenditures during the five-year period 1985-1989 are expected to exceed $2.5 billion.

Dividends

Cash dividends paid to common shareholders were $89.7 million in 1984 and $78.3 million in 1983. Common stock dividends are paid in the months of March, June, September and December of each year. In 1984, effective with the September dividend, the Board of Directors increased the quarterly dividend from $.44 to $.50 per share. Annual dividends paid per common share increased 16.0% in 1984 to $1.88 per share compared to $1.62 per share paid in 1983. In 1984, dividends were $.44 for each of the first two quarters and $.50 for the last two quarters, as compared to $.37 for the first two quarters and $.44 for the last two quarters of 1983.

The company has paid dividends in each of the past 52 years. During that time, the company stock has split five times and stock dividends were paid three times.

In connection with the acquisition of Campbell Taggart, 7.5 million shares of convertible redeemable preferred stock were issued. The preferred stock has a dividend rate of $3.60 per share and cash dividends were paid in the months of March, June, September and December of 1984 and 1983.

At December 31, 1984, common shareholders of record were 30,007 compared with 30,317 at the end of 1983. Preferred shareholders as of December 31, 1984 numbered 2,474 compared with 2,438 at the end of 1983.

Price range of common stock

The company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "BUD". The table below summarizes the high and low sales prices based on the NYSE composite transactions tape.

	1984		1983	
QUARTER	HIGH	LOW	HIGH	LOW
First	65-1/2	53-3/4	75-1/2	58-1/2
Second	67	57-3/8	77	62-3/4
Third	70-3/4	63-5/8	70-3/4	60-1/4
Fourth	74-3/8	64-1/2	72-1/4	60-7/8

Common stock and other shareholders equity

Shareholders equity was $1.95 billion at December 31, 1984 as compared with $1.77 billion at the end of 1983. The increase in 1984 represents the retention of $274.8 million of earnings in the business. The book value of each common share of stock at December 31, 1984 was $41.44 as compared to $36.50 at December 31, 1983.

In 1984, the return on average shareholder equity was 18.2% as compared with 18.0% in 1983. The return calculation includes the convertible redeemable preferred stock, issued in November 1982, as equity.

The Board of Directors has authorized the company to purchase up to 4.8 million shares of its common stock. During 1984 the company purchased 1.4 million of its common shares for $92.6 million. The repurchased shares will be used for the conversion of the preferred stock issued in connection with the Campbell Taggart acquisition.

Inflation

Inflation has had an impact on the company's reported results of operations, shareholders equity and financial condition. The section of the annual report entitled Supplemental Inflation Adjusted Information on pages 52-53 is intended to present an estimation of the effects of inflation on the company. This information has been developed in accordance with the requirements of FASB Statements No. 33 and No. 82 and is experimental in nature. As such, the inflation adjusted information may not represent the true effect of inflation on the company.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Anheuser-Busch Companies, Inc. is responsible for the financial statements and other information included in this annual report. Management has selected those generally accepted accounting principles it considers appropriate to prepare the financial statements and other data contained herein.

The company maintains accounting and reporting systems, supported by an internal accounting control system, which management believes are adequate to provide reasonable assurances that assets are safeguarded against loss from unauthorized use or disposition and financial records are reliable for preparing financial statements. During 1984, the company, in conjunction with Price Waterhouse, its independent accountants, performed a comprehensive review of the adequacy of the company's internal accounting control system. Based on the comprehensive review, it is management's opinion that the company has an effective system of internal accounting control.

The report of Price Waterhouse on its examinations of the consolidated financial statements of the company appears on page 51 of this report. This report states that the examinations have been performed in accordance with generally accepted auditing standards. These standards include an evaluation of the system of internal accounting control for the purpose of establishing a scope of audit testing which will provide assurance that the financial statements are fairly stated.

The Audit Committee of the Board of Directors, which consists of six non-management directors, held six meetings during 1984. The functions of the committee are to recommend to the Board the selection, retention or termination of the company's independent accountants; determine through consultation with management the appropriateness of the scope of the various professional services provided by the independent accountants and consider the possible effect of the performance of such service on the independence of the accountants; review the arrangements and the proposed overall scope of the annual audit with management and the independent accountants; discuss matters of concern to the Audit Committee with the independent accountants and management relating to the annual financial statements and results of the audit; obtain from management, the independent accountants and the Director of Internal Auditing their separate opinions as to the adequacy of the company's system of internal accounting control; review with management and the independent accountants the recommendations made by the accountants with respect to changes in accounting procedures and internal accounting control; receive reports from the Business Practices Committee regarding implementation of and compliance with the company's business ethics policy and discuss with management any concerns the Audit Committee may have with regard to the company's business practices; hold regularly scheduled meetings, separately and jointly, with representatives of management, the independent accountants, and the Director of Internal Auditing, to make inquiries into and discuss their activities; and review the overall activities of the company's internal auditors.

CONSOLIDATED BALANCE SHEET

Anheuser-Busch Companies, Inc., and Subsidiaries

Assets

(In millions)

December 31,	1984	1983
Current Assets:		
Cash and marketable securities (marketable securities of $69.3 in 1984 and $185.8 in 1983 at cost, which approximates market)	$ 78.6	$ 218.4
Accounts and notes receivable, less allowance for doubtful accounts of $2.8 in 1984 and $2.9 in 1983	275.6	283.6
Inventories—		
Raw materials and supplies	212.7	196.5
Work in process	65.7	61.1
Finished goods	37.5	41.2
Total inventories	315.9	298.8
Other current assets	106.2	96.8
Total current assets	776.3	897.6
Investments And Other Assets:		
Investments in and advances to unconsolidated subsidiaries	42.9	57.7
Investment properties	18.1	9.1
Deferred charges and other non-current assets	87.1	73.7
Excess of cost over net assets of acquired business, net	85.3	87.9
	233.4	228.4
Plant And Equipment:		
Land	80.0	70.1
Buildings	1,398.1	1,303.6
Machinery and equipment	2,920.5	2,622.8
Construction in progress	395.3	311.6
Other real estate	6.7	5.8
	4,800.6	4,313.9
Less accumulated depreciation	1,285.6	1,109.7
	3,515.0	3,204.2
	$4,524.7	$4,330.2

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

Liabilities and Shareholders Equity
(In millions)

December 31,	*1984*	1983
Current Liabilities:		
Accounts payable	*$ 338.2*	$ 327.8
Accrued salaries, wages and benefits	*150.3*	142.5
Accrued interest payable	*26.8*	29.9
Due to customers for returnable containers	*31.8*	31.1
Accrued taxes, other than income taxes	*43.6*	64.3
Estimated income taxes	*39.0*	48.4
Other current liabilities	*66.3*	78.5
Total current liabilities	*696.0*	722.5
Long-Term Debt	*835.8*	961.4
Deferred Income Taxes	*755.0*	573.2
Minority Shareholders Interest In Consolidated Subsidiaries	—	20.6
Convertible Redeemable Preferred Stock (Liquidation Value $300.0)	*286.9*	286.0
Common Stock And Other Shareholders Equity:		
Preferred stock, $1.00 par value, authorized 32,498,000 shares in 1984 and 1983; none issued	—	—
Common stock, $1.00 par value, authorized 200,000,000 shares in 1984 and 1983; issued 48,641,869 and 48,514,214 shares, respectively	*48.6*	48.5
Capital in excess of par value	*173.2*	167.2
Retained earnings	*1,829.3*	1,555.4
Foreign currency translation adjustment	*(6.6)*	(3.7)
	2,044.5	1,767.4
Less cost of treasury stock (1,564,152 shares in 1984 and 119,552 shares in 1983)	*93.5*	.9
	1,951.0	1,766.5
Commitments And Contingencies	—	—
	$4,524.7	$4,330.2

CONSOLIDATED STATEMENT OF INCOME

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions, except per share data)

Year Ended December 31,	*1984*	1983	1982
Sales	*$7,158.2*	$6,658.5	$5,185.7
Less federal and state beer taxes	*657.0*	624.3	609.1
Net sales	*6,501.2*	6,034.2	4,576.6
Cost of products sold	*4,414.2*	4,113.2	3,331.7
Gross profit	*2,087.0*	1,921.0	1,244.9
Marketing, administrative and research expenses	*1,332.3*	1,220.2	752.0
Operating income	*754.7*	700.8	492.9
Other income and expenses:			
Interest expense	*(102.7)*	(111.4)	(89.2)
Interest capitalized	*46.8*	32.9	41.2
Interest income	*22.8*	12.5	17.0
Other expense, net	*(31.8)*	(18.8)	(8.1)
Gain on sale of Lafayette plant	*—*	—	20.4
Income before income taxes	*689.8*	616.0	474.2
Provision for income taxes:			
Current	*118.4*	133.7	92.4
Deferred	*179.9*	134.3	94.5
	298.3	268.0	186.9
Net Income	*$ 391.5*	$ 348.0	$ 287.3
Earnings per share:			
Primary	*$ 7.40*	$ 6.50	$ 5.97
Fully diluted	*7.40*	6.50	5.88

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AND CONVERTIBLE REDEEMABLE PREFERRED STOCK

Anheuser-Busch Companies, Inc., and Subsidiaries

	Shareholders Equity (In millions, except per share data)					
	Common Stock	***Capital in Excess of Par Value***	***Retained Earnings***	***Treasury Stock***	***Foreign Currency Translation Adjustment***	***Convertible Redeemable Preferred Stock***
Balance At December 31, 1981	$ 45.6	$ 67.2	$1,094.9	$ (.9)		
Net income			287.3			
Cash dividends ($1.38 per share)			(65.8)			
Shares issued under stock option plans		1.0				
Shares issued in the acquisition of a company						$285.0
Shares issued upon conversion of the 9.00% convertible debentures	2.8	94.5				
Balance At December 31, 1982	48.4	162.7	1,316.4	(.9)		285.0
Net income			348.0			
Cash dividends:						
Common ($1.62 per share)			(78.3)			
Preferred ($3.60 per share)			(29.7)			
Shares issued under stock option plans	.1	4.5				
Accretion of preferred stock			(1.0)			1.0
Foreign currency translation adjustment					$ (3.7)	
Balance At December 31, 1983	48.5	167.2	1,555.4	(.9)	(3.7)	286.0
Net income			*391.5*			
Cash dividends:						
Common ($1.88 per share)			*(89.7)*			
Preferred ($3.60 per share)			*(27.0)*			
Shares issued under stock option plans	*.1*	*6.0*				
Accretion of preferred stock			*(.9)*			*.9*
Shares acquired as treasury stock				*(92.6)*		
Foreign currency translation adjustment					*(2.9)*	
Balance At December 31, 1984	***$ 48.6***	***$173.2***	***$1,829.3***	***$(93.5)***	***$ (6.6)***	***$286.9***

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions)

Year Ended December 31,	*1984*	1983	1982
Source Of Funds			
Net income	*$ 391.5*	$ 348.0	$ 287.3
Depreciation and amortization	*203.4*	187.3	133.6
Deferred income taxes	*181.8*	118.1	97.4
Total funds provided by current operations	*776.7*	653.4	518.3
Issuance of convertible redeemable preferred stock	*—*	—	285.0
Increase in long-term debt	*7.8*	32.7	259.8
Issuance of common stock on conversion of 9.00% debentures	*—*	—	97.3
Investment in unconsolidated subsidiaries	*14.8*	1.2	(12.1)
Disposition of Lafayette plant	*—*	—	20.6
Other, net	*(2.6)*	18.3	(79.4)
Total	*796.7*	705.6	1,089.5
Use Of Funds			
Capital expenditures	*519.2*	428.0	355.8
Dividends paid to stockholders	*116.7*	108.0	65.8
Decrease in long-term debt	*133.4*	40.3	108.1
Decrease in short-term debt	*—*	25.0	4.5
Installment purchase obligation	*—*	—	40.0
Acquisition of subsidiary	*—*	—	560.0
Acquisition of minority interests	*20.6*	—	—
Acquisition of treasury stock	*92.6*	—	—
Increase in investment properties	*9.0*	—	—
Increase (decrease) in non-cash working capital*	*45.0*	(92.6)	27.4
Total	*936.5*	508.7	1,161.6
Increase (Decrease) In Cash And Marketable Securities	*$ (139.8)*	$ 196.9	$ (72.1)
****Non-cash Working Capital***			
Increase (decrease) in non-cash current assets:			
Accounts and notes receivable	*$ (8.0)*	$ 40.1	$ 95.8
Inventories	*17.1*	(9.0)	79.4
Other current assets	*9.4*	(22.2)	49.4
Decrease (increase) in current liabilities:			
Accounts payable	*(10.4)*	(21.6)	(96.4)
Accrued salaries, wages and benefits	*(7.8)*	(11.4)	(49.7)
Accrued interest payable	*3.1*	(.1)	(2.5)
Due to customers for returnable containers	*(.7)*	(3.9)	(.9)
Accrued taxes, other than income taxes	*20.7*	(1.6)	(2.6)
Estimated income taxes	*9.4*	(22.0)	(21.2)
Other current liabilities	*12.2*	(40.9)	(23.9)
Increase (Decrease) In Non-cash Working Capital	*$ 45.0*	$ (92.6)	$ 27.4

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 45-51 of this report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

This summary of significant accounting principles and policies of Anheuser-Busch Companies, Inc., and its subsidiaries is presented to assist the reader in evaluating the company's financial statements included in this report. These principles and policies conform to generally accepted accounting principles and have been consistently followed by the company. The format of the Consolidated Statement of Changes in Financial Position at December 31, 1984 has been revised from a "working capital" format to a "cash flow" format. Accordingly, the format revision has been applied retroactively to all prior periods presented in the statement.

Principles of consolidation

The consolidated financial statements include the company and all its subsidiaries. Certain subsidiaries which are not an integral part of the company's primary operations are included on an equity basis. The Consolidated Statement of Income includes the operations of Campbell Taggart since November 2, 1982.

Foreign currency translation

Effective January 1, 1983 the company adopted Financial Accounting Standard No. 52, "Foreign Currency Translation." In the application of this statement, exchange adjustments resulting from foreign currency transactions generally are recognized in income, whereas adjustments resulting from translations of financial statements are reflected as a separate component of shareholders equity. The Consolidated Statement of Changes in Shareholders Equity and Convertible Redeemable Preferred Stock includes the foreign currency translation adjustment.

Inventories and production costs

Inventories are valued at the lower of cost or market. Cost is determined under the last-in, first-out method for substantially all brewing inventories and under the first-in, first-out method for substantially all food product inventories.

Plant and equipment

Plant and equipment is carried at cost and includes expenditures for new facilities and those which substantially increase the useful lives of existing plant and equipment. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is credited or charged to income.

Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets (buildings 2% to 10% and machinery and equipment 4% to 25%).

Capitalization of interest

Interest relating to the cost of acquiring certain fixed assets is capitalized. This interest is included as part of the cost of the related asset and is amortized over its estimated useful life.

Income taxes

The provision for income taxes is based on elements of income and expense as reported in the Consolidated Statement of Income. The company has elected to utilize certain provisions of federal income tax laws and regulations to reduce current taxes payable.

Deferred income taxes are recognized for the effect of differences between financial and tax reporting. Investment tax credit is included in income when assets are placed in service or when the credit can be claimed under federal income tax laws relating to qualified progress expenditures.

Expenditures which provide possible future benefits

Research and development, advertising, promotional costs and initial plant costs are charged against income in the year in which these costs are incurred.

Net income per share of common stock

Primary earnings per share of common stock are based on the average number of shares of common stock outstanding during the respective years (52.9 million in 1984, 53.5 million in 1983 and 48.1 million in 1982). The convertible redeemable preferred shares are common stock equivalents; accordingly, these shares are assumed to have been converted into common stock at the date of their issuance and are included in the weighted average shares outstanding in computing primary earnings per share.

The company's 9.00% convertible subordinated debentures (issued in 1980) were called for redemption and converted into 2.8 million shares of common stock on April 29, 1982. Fully diluted earnings per share are computed on the assumption that these convertible securities and all outstanding stock options were converted into common stock as appropriate. Interest expense on the convertible subordinated debentures, net of income taxes, is added back to net income in the fully diluted earnings per share calculation.

2. ACQUISITION AND DISPOSITION

On November 2, 1982 the company acquired all of the outstanding common stock of Campbell Taggart, Inc. (Campbell Taggart). Campbell Taggart, through its operating subsidiaries, is engaged in the production and sale of food and food-related products. The cost of the acquisition was $560.0 million, consisting of $275.0 million paid in cash for approximately 50% of Campbell Taggart's outstanding common stock and 7.5 million shares of Anheuser-Busch convertible redeemable preferred stock with an estimated fair value of $285.0 million issued in exchange for the remaining Campbell Taggart common stock.

The acquisition has been accounted for using the purchase method of accounting. Campbell Taggart's assets and liabilities have been recorded in the company's financial statements at their estimated fair values at the acquisition date. The excess cost of the acquisition over the estimated fair value of the net assets is being amortized on a straight-line basis over 40 years.

Assuming the acquisition of Campbell Taggart had occurred on January 1, 1982, the pro forma combined net sales would have been $5.6 billion for 1982. The pro forma combined net income and net income per share for 1982 would not have been materially different than that reported in the Consolidated Statement of Income.

In March 1982, the company sold its corn refining plant in Lafayette, Ind., resulting in a nonrecurring, after-tax gain of $13.3 million or $.28 per share (fully diluted). Sales and income from operations of this plant for the year ended December 31, 1982 were not material.

3. INVENTORY VALUATION

Approximately 75% of total inventories at December 31, 1984 and 1983 are stated on the last-in, first-out (LIFO) inventory valuation method. Had the average-cost method been used with respect to such items at December 31, 1984 and 1983, total inventories would have been $105.8 million and $94.9 million higher, respectively.

4. CREDIT AGREEMENTS

In August 1982, the company entered into a ten-year revolving credit agreement with a group of eleven domestic banks. In December 1983, the agreement was amended to provide for a maximum borrowing of $400.0 million. Interest on the loans will be based, at the option of the company, on the prime rate, the domestic CD rate plus 1/2% or the Euro-Dollar rate plus 3/8% for the first five years, and at scheduled rate increases for periods thereafter. In addition, a negotiated sub-prime borrowing feature is available for the entire term of the agreement. At December 31, 1984 and 1983, the company had no outstanding borrowings under this agreement.

In June 1981, the company entered into a multicurrency revolving credit agreement aggregating $100.0 million or the equivalent amount in alternative currencies. This commitment extends through March 27, 1986. Interest on borrowings in Euro-Dollars and alternative currencies will be 3/8% over the Euro Basic Rate, as defined, and on United States currency borrowings, at the company's election, at either a

floating rate equal to the prevailing Domestic Floating Base Rate, as defined, plus 3/4% or at a fixed rate equal to the Domestic Fixed Base Rate, as defined, plus 1/2%. At December 31, 1984 and 1983, the company had no outstanding borrowings under this agreement.

Fees under these agreements and prior agreements amounted to $1.1, $3.3 and $3.7 million in 1984, 1983 and 1982, respectively.

5. LONG-TERM DEBT

The only long-term debt issued by the company during 1984 was industrial revenue bonds. During November, 1984 the company redeemed all of its $100 million 16-1/2% Guaranteed Notes due 1988. Pursuant to the early call provision of the notes, the redemption price was 101.5% of the principal amount, or $101.5 million. In October 1982, the company filed a shelf registration with the Securities and Exchange Commission covering up to $200.0 million of debt securities. On October 12, 1982, $100.0 million of 11-7/8% sinking fund debentures due 2012 were issued under this shelf registration. The company has the option to issue the remaining $100.0 million of debt securities at such time as it considers appropriate.

Long-term debt at December 31 consists of the following:

	1984	1983
	(In millions)	
9.90% Notes due 1986	*$100.0*	$100.0
15.375% Notes due 1991	*50.0*	50.0
16.50% Guaranteed notes due 1988	—	100.0
11.25% Guaranteed bonds due 1990	*100.0*	100.0
Sinking fund debentures	*449.6*	472.3
Industrial revenue bonds	*73.5*	74.3
Other long-term debt	*62.7*	64.8
	$835.8	$961.4

The company's sinking fund debentures at December 31 are as follows:

	1984	1983
	(In millions)	
5.45% debentures maturing 1984 to 1991, less $11.8 in treasury in 1984 and $2.5 in 1983	*$ 2.4*	$ 13.9
6.00% debentures maturing 1984 to 1992, less $2.1 in treasury in 1984 and $3.4 in 1983	*18.2*	19.6
7.95% debentures maturing 1985 to 1999, less $10.0 in treasury in 1984 and $11.2 in 1983	*83.5*	88.8
9.20% debentures maturing 1986 to 2005, less $4.5 in treasury in 1984	*145.5*	150.0
8.55% debentures maturing 1989 to 2008	*100.0*	100.0
11.875% debentures maturing 1993 to 2012	*100.0*	100.0
	$449.6	$472.3

The aggregate maturities on all long-term debt are $15.9, $120.8, $20.2, $19.7 and $24.2 million, respectively, for each of the years ending December 31, 1985 through 1989.

6. STOCK OPTION PLANS

In December 1981, the company adopted an Incentive Stock Option Plan and a Non-Qualified Stock Option Plan for certain officers and key employees. These plans were approved by the shareholders in April 1982. Under the terms of the plans, options may be granted at not less than the fair market value of the shares at the date of grant. The Non-Qualified Stock Option Plan provides that optionees may be granted Stock Appreciation Rights (SARs) in tandem with stock options. The exercise of a SAR cancels the related option and the exercise of an option cancels

the related SAR. The Stock Option Committee of the Board of Directors granted SARs under the 1981 Non-Qualified Stock Option Plan with respect to options for 48,800 and 81,800 shares in 1984 and 1983, respectively. At December 31, 1984 and 1983, 2,223,916 and 2,371,313 shares, respectively, were reserved for possible issuance under the 1981 plans.

Presented below is a summary of changes in stock options under the Incentive Stock Option Plan and the Non-Qualified Stock Option Plan for the year ended December 31:

	1984	1983
Outstanding at beginning of year	*1,543,864*	1,279,739
Options granted	*375,120*	435,540
Options/SARs exercised	*(189,825)*	(139,937)
Options cancelled	*(24,091)*	(31,478)
Options outstanding at end of year	*1,705,068*	1,543,864
Options exercisable at end of year	*1,099,264*	765,055
Option price range per share	*$40.81-$73.69*	$40.81-$73.44

7. PENSION PLANS

The company has pension plans covering substantially all of its employees and follows the policy of funding all pension costs accrued. Total pension expense was $71.9, $74.0 and $52.7 million in 1984, 1983 and 1982, respectively. In 1984, the company changed the actuarial investment rate of return assumption for funding purposes from 5-1/2% to 6-1/2% on several of the company's salaried and hourly pension plans. The effect of this change on net income was not material. A comparison of the actuarial present value of accumulated plan benefits and plan net assets, as of the most recent actuarial date, generally January 1, for the company's salaried and hourly paid pension plans combined, is presented below:

	1984	1983
	(In millions)	
Actuarial present value of accumulated plan benefits:		
Vested	*$293.2*	$265.6
Nonvested	*34.4*	34.2
	$327.6	$299.8
Net assets available for benefits	*$497.7*	$418.7

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8.5% in 1984 and 1983.

8. INCOME TAXES

The provision for income taxes includes the following for each of the three years ended December 31:

	1984	1983	1982
		(In millions)	
Current Tax Provision			
Federal:			
Provision	*$136.2*	$156.4	$123.2
Charge in lieu of taxes	—	—	11.9
Investment tax credit:			
Normal	*(35.1)*	(32.5)	(35.0)
TRASOP	—	(6.8)	(7.6)
Safe harbor leases	—	—	(11.9)
	101.1	117.1	80.6
State and foreign	*17.3*	16.6	11.8
	118.4	133.7	92.4
Deferred Tax Provision:			
Federal	*171.0*	126.4	88.2
State and foreign	*8.9*	7.9	6.3
	179.9	134.3	94.5
	$298.3	$268.0	$186.9

In 1982 the company purchased tax benefits in the form of accelerated cost recovery allowances and investment tax credits under "safe harbor" leases as defined in the Economic Recovery Tax Act of 1981. The purchase price of these benefits is recorded as an asset which is amortized through a charge to the current tax provision during the initial years of the lease. That portion of the amortization related to the investment tax credit is recorded as a charge in lieu of taxes. In subsequent years of the lease, deferred income taxes are provided for the difference between the tax and the financial aspects of the lease. The effect of these leases on net income is not material.

The deferred tax provision results from timing differences in the recognition of income and expense for tax and financial reporting purposes. The primary differences are the calculation of depreciation for tax purposes using accelerated methods and shorter lives and expensing for tax purposes interest cost capitalized for book purposes. These timing differences had a tax effect of $178.5 million in 1984, $155.2 million in 1983 and $113.0 million in 1982.

The Tax Equity and Fiscal Responsibility Act of 1982 required the company to reduce the tax basis of depreciable property by one-half of the investment tax credit claimed on the tax return. The effect of the basis reduction is to reduce the financial impact of the normal investment tax credit to $31.1 and $26.4 million in 1984 and 1983, respectively.

The company's effective tax rate was 43.2%, 43.5% and 39.4% in 1984, 1983 and 1982, respectively. A reconciliation between the statutory rate and the effective rate is presented below:

	1984	1983	1982
Statutory rate	*46.0%*	46.0%	46.0%
Charge in lieu of taxes	—	—	2.5
Investment tax credit:			
Normal	*(5.1)*	(5.3)	(7.4)
TRASOP	—	(1.1)	(1.6)
Safe harbor leases	—	—	(2.5)
State income taxes, net of federal benefit	*1.9*	1.9	1.9
Other	*.4*	2.0	.5
Effective tax rate	*43.2%*	43.5%	39.4%

9. COMMON AND PREFERRED STOCK

In March 1984, the Board of Directors amended a 1982 resolution to authorize the company to purchase up to 4.8 million shares of its common stock. The shares will be used for the conversion to common stock of preferred stock issued in connection with the acquisition of Campbell Taggart. In 1984, 1,444,600 shares were purchased for $92.6 million.

In connection with the acquisition of Campbell Taggart, the company issued 7,500,766 shares of convertible redeemable preferred stock, par value $1. The convertible redeemable preferred stock has a redemption value of $40, requires dividend payments at a rate of $3.60 per year, is non-callable for five years and subject to mandatory redemption at the end of fifteen years. The preferred shares are also convertible into .645 of a share of the company's common stock and have voting rights in this ratio. The difference between the redemption value and the carrying value is being amortized over fifteen years.

10. COMMITMENTS AND CONTINGENCIES

In connection with the plant expansion and improvement program, the company has commitments for capital expenditures of approximately $489.5 million at December 31, 1984.

Obligations under capital leases are not material.

The company and certain of its subsidiaries are involved in claims and legal proceedings in which monetary damages and other relief are sought. The company is contesting these claims and proceedings. However, their resolution is not

expected to occur quickly and their ultimate outcome cannot presently be predicted. In any event, it is the opinion of management that any liability of the company or its subsidiaries for such claims or proceedings will not materially affect its financial position.

11. BUSINESS SEGMENTS

The company has identified its principal business segments as beer and beer-related, food products and diversified operations. The beer and beer-related segment produces and sells the company's beer products. Included in this segment are the company's raw material acquisition, malting, can manufacturing and recycling operations.

The food products segment consists of the company's food and food-related operations which include the operations of Campbell Taggart since November 2, 1982. In addition, this segment includes the company's yeast and snack food subsidiaries.

Diversified operations consist of the company's entertainment, communications, transportation and real estate operations.

Sales between segments, export sales and sales by geographic area are not material. The company's equity in earnings of unconsolidated subsidiaries has been included in other income and expense. No single customer accounted for more than 10% of sales.

The following summarizes the company's business segment information for 1984, 1983 and 1982 (in millions).

1984:

	Beer and Beer-Related	Food Products	Diversified Operations	Eliminations	Consolidated
Net sales	$5,390.1	$1,353.5	$170.4	$(412.8)	$6,501.2
Operating income*	728.2	16.5	10.0		754.7
Depreciation and amortization expense	141.1	42.3	20.0		203.4
Capital expenditures	393.1	106.7	19.4		519.2
Identifiable assets	3,214.7	811.8	128.0		4,154.5
Corporate assets**					370.2
Total assets					4,524.7

1983:

	Beer and Beer-Related	Food Products	Diversified Operations	Eliminations	Consolidated
Net sales	$4,907.7	$1,320.4	$150.2	$(344.1)	$6,034.2
Operating income*	649.9	47.3	3.6		700.8
Depreciation and amortization expense	129.5	40.3	17.5		187.3
Capital expenditures	348.1	54.8	25.1		428.0
Identifiable assets	2,994.1	768.6	143.7		3,906.4
Corporate assets**					423.8
Total assets					4,330.2

1982:

	Beer and Beer-Related	Food Products	Diversified Operations	Eliminations	Consolidated
Net sales	$4,488.1	$282.8	$145.1	$(339.4)	$4,576.6
Operating income*	464.1	23.5	5.3		492.9
Depreciation and amortization expense	110.8	8.8	14.0		133.6
Capital expenditures	310.1	23.4	22.3		355.8
Identifiable assets	2,758.1	779.3	148.9		3,686.3
Corporate assets**					216.5
Total assets					3,902.8

*Operating income excludes other expense, net which is not allocated among segments. For 1984, 1983 and 1982 other expense, net of $64.9, $84.8 and $18.7 million, respectively, includes net interest expense, minority interests, other income and expense, equity in earnings of unconsolidated subsidiaries and a nonrecurring gain of $20.4 million on the sale of the Lafayette corn refining plant in 1982.

** Corporate assets principally include cash, marketable securities, investment in equity subsidiaries, goodwill and certain fixed assets.

12. ADDITIONAL INCOME STATEMENT INFORMATION

The following amounts were charged to costs and expenses:

	1984	1983	1982
		(In millions)	
Maintenance	*$253.5*	$261.4	$216.8
Depreciation and amortization	*$203.4*	$187.3	$133.6
Taxes, other than income taxes:			
Payroll	*$ 90.3*	$ 82.3	$ 44.7
Real and personal property	*37.6*	36.1	30.1
Franchise and other	*16.2*	14.2	7.8
Total	*$144.1*	$132.6	$ 82.6
Advertising costs	*$480.2*	$403.9	$322.3

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for 1984 and 1983 (in millions, except per share data) appear below:

	Net sales		*Gross profit*		*Net income*		*Primary net income per share*	
	1984	1983	*1984*	1983	*1984*	1983	*1984*	1983
First quarter	*$1,468.8*	$1,390.8	*$ 459.1*	$ 432.9	*$ 77.7*	$ 68.7	*$ 1.45*	$ 1.28
Second quarter	*1,691.4*	1,559.4	*557.4*	512.8	*113.4*	98.5	*2.13*	1.84
Third quarter	*1,761.8*	1,585.1	*578.9*	516.4	*128.5*	113.8	*2.44*	2.13
Fourth quarter	*1,579.2*	1,498.9	*491.6*	458.9	*71.9*	67.0	*1.38*	1.25
Total year	*$6,501.2*	$6,034.2	*$2,087.0*	$1,921.0	*$ 391.5*	$348.0	*$ 7.40*	$ 6.50

REPORT OF INDEPENDENT ACCOUNTANTS

Price Waterhouse

One Centerre Plaza
St. Louis, Missouri 63101
314/425-0500

To the Shareholders and Board of Directors of Anheuser-Busch Companies, Inc.

February 6, 1985

In our opinion, the accompanying Consolidated Balance Sheet and the related Consolidated Statements of Income, Changes in Shareholders Equity and Convertible Redeemable Preferred Stock, and of Changes in Financial Position present fairly the financial position of Anheuser-Busch Companies, Inc. and its subsidiaries at December 31, 1984 and 1983, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

Financial statements prepared in accordance with generally accepted accounting principles present historical costs in dollars of varying purchasing power. Accordingly, the Financial Accounting Standards Board (FASB) has issued guidelines for adjusting certain historical financial information for the effect of inflation. These guidelines require supplementary income calculations, which reflect the effects of changes in specific prices of certain assets used by the company.

FINANCIAL INFORMATION ADJUSTED FOR THE EFFECTS OF INFLATION

Anheuser-Busch Companies, Inc. financial information, adjusted for the effect of inflation, is shown in Tables 1 and 2 on page 53.

Table 1 covers the five-year period 1980-1984 and shows key financial data stated in average 1984 dollars.

Table 2 contains a statement of income for the year 1984 in current cost. This table shows the adjustments to historical dollar net income necessary to reflect the effect of inflation in accordance with the guidelines established by the FASB.

Net income

The only amounts reported in historical statements of income requiring an adjustment for inflation are depreciation expense, the inventory component of cost of products sold, and gains or losses on significant dispositions of plant and equipment. Revenues and all other elements of income before taxes are considered to reflect average price levels during the year and accordingly are not adjusted.

Depreciation expense was determined using the same methods applied in the primary financial statements. Upward adjustments to plant and equipment were required by use of externally and internally generated specific price indices.

The adjusted values of plant and equipment were then used to compute the related depreciation expense and accordingly reduced net income from that reported in the historical financial statements.

Because of the nature of its inventories and the inventory valuation method employed, the company has determined that an adjustment to the cost of products sold for the effects of inflation related to inventories is not required. In 1984, approximately 75% of inventories are valued on the last-in, first out (LIFO) method. Under this method of inventory valuation, current cost of materials are charged to cost of products sold. Other company inventories have such a high rate of turnover that their cost flows to cost of products sold on a current basis.

Shareholders equity (net assets)

Shareholders equity (net assets) represents the difference between all assets and liabilities after appropriate adjustment for the effect of inflation. Recognition of the effect of inflation on shareholders equity requires that adjustments be made to inventory values, property values, and all monetary items. These adjustments result in increased depreciation and gains from the decline in the purchasing power of the dollar on net monetary items.

Since inventory and property value increases and purchasing power gains exceed the additional depreciation expense, shareholders equity increases.

Gain from the decline in the purchasing power of net monetary items

In addition to the distortions caused by aggregating dollars of varying purchasing power, inflation also has another effect that is not recognized by conventional accounting. This effect is related to holding gains or losses of net monetary items which are not recognized in historical dollar financial statements.

On December 31, 1984, the company was in a greater net monetary liability position (i.e., monetary liabilities exceeded monetary assets) as compared to December 31, 1983 which results in an unrealized gain. This gain will not be realized until the monetary liabilities are repaid in dollars of decreased purchasing power.

Net sales, cash dividends per share, market price per share

Net sales and cash dividends per share for 1984 are stated in terms of the amounts (1984 dollars) shown in the company's primary financial statements. The market price per share represents the actual market closing price at December 31, 1984. The corresponding amounts for the years 1980-1984 have been adjusted to their 1984 dollar equivalent by use of the CPI-U.

CONCLUSIONS CONCERNING THE EFFECT OF INFLATION

The methods adopted by the FASB to measure the impact of inflation are experimental in nature, and may not represent the true effect of inflation on the historical financial statements of the company. Accordingly, the resultant measurements should be viewed with caution and not as precise indicators of the effects of inflation on the company.

TABLE 1– FIVE-YEAR COMPARISON OF SELECTED SUPPLEMENTARY INFORMATION ADJUSTED FOR THE EFFECTS OF INFLATION

(In millions, except per share and statistical data) *(Information stated in average 1984 dollars)*	*1984*	1983	1982	1981	1980
Current cost data:					
Net income	*$ 328.5*	$ 300.3	$ 228.7	$ 176.3	$ 152.0
Net income per share	*6.21*	5.61	4.69	3.77	3.38
Shareholders equity (net assets)	*3,165.8*	3,081.2	2,892.7	2,357.1	2,107.9
Excess of increase in general prices over increase in specific prices for inventories and plant and equipment	*84.4*	79.8	90.9	111.9	89.3
Other information adjusted for general inflation:					
Net sales	*6,501.2*	6,291.2	4,931.9	4,393.8	4,153.9
Gain from the decline in the purchasing power of net monetary items	*65.8*	64.4	60.8	126.5	146.8
Cash dividends per common share	*1.88*	1.69	1.49	1.30	1.29
Market price per share at year end	*72.50*	65.16	69.51	46.97	34.98
Average consumer price index	*311.1*	298.4	288.7	272.4	246.8

TABLE 2– STATEMENT OF INCOME ADJUSTED FOR THE EFFECTS OF INFLATION

(In millions, except per share and statistical data)	*1984 (1)* Historical Dollars	*1984 (1)* Current Cost
Net sales	*$6,501.2*	*$6,501.2*
Cost of products sold	*4,414.2*	*4,477.2*
Gross profit	*2,087.0*	*2,024.0*
Marketing, administrative and research expenses	*1,332.3*	*1,332.3*
Operating income	*754.7*	*691.7*
Interest expense	*(102.7)*	*(102.7)*
Interest capitalized	*46.8*	*46.8*
Interest income	*22.8*	*22.8*
Other expense, net	*(31.8)*	*(31.8)*
Income before income taxes	*689.8*	*626.8*
Income taxes (2)	*298.3*	*298.3*
Net income	*391.5*	*328.5*
Net income per share	*7.40*	*6.21*
Effective tax rate (2)	*43.2*	*47.6*
Depreciation and amortization	*203.4*	*266.4*
Gain from the decline in purchasing power of net monetary items		*65.8*
Increase in general price level of inventories and plant and equipment		*178.9*
Increase in specific prices of inventories and plant and equipment (3)		*94.5*
Excess of increase in general prices over increase in specific prices		*84.4*

(1) Current cost data for 1984 are stated in average 1984 dollars.

(2) Since the inflation adjusted elements of expense are not deductible for income tax purposes the historical dollar income tax expense is not adjusted under the current cost method. The resultant higher effective tax rate reflects the greater burden of taxes being borne by the company during inflationary periods.

(3) The current cost of inventories and plant and equipment at December 31, 1984, is $420.2 million and $4.3 billion, respectively.

FINANCIAL SUMMARY—OPERATIONS

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions, except per share data)

	1984	1983	1982
Consolidated Summary Of Operations			
Barrels sold	*64.0*	60.5	59.1
Sales	*$7,158.2*	$6,658.5	$5,185.7
Federal and state beer taxes	*657.0*	624.3	609.1
Net sales	*6,501.2*	6,034.2	4,576.6
Cost of products sold	*4,414.2*	4,113.2	3,331.7
Gross profit	*2,087.0*	1,921.0	1,244.9
Marketing, administrative and research expenses	*1,332.3*	1,220.2	752.0
Operating income	*754.7*	700.8	492.9
Interest expense	*(102.7)*	(111.4)	(89.2)
Interest capitalized	*46.8*	32.9	41.2
Interest income	*22.8*	12.5	17.0
Other income (expense), net	*(31.8)*	(18.8)	(8.1)
Loss on partial closing of Los Angeles Busch Gardens	—	—	—
Gain on sale of Lafayette plant	—	—	20.4
Income before income taxes	*689.8*	616.0	474.2
Income taxes	*298.3*	268.0	186.9
Income before cumulative effect of an accounting change	*391.5*	348.0	287.3
Cumulative effect of change to the flow-through method of accounting for the investment tax credit (1)	—	—	—
Net income	*391.5*	348.0	287.3(2)
Per share—Primary			
Income before cumulative effect of an accounting change	*7.40*	6.50	5.97
Cumulative effect of change to the flow-through method of accounting for the investment tax credit (1)	—	—	—
Net income	*7.40*	6.50	5.97(2)
Per share—Fully diluted	*7.40*	6.50	5.88(2)
Cash dividends paid			
Common stock	*89.7*	78.3	65.8
Per share	*1.88*	1.62	1.38
Preferred stock	*27.0*	29.7	—
Per share	*3.60*	3.60	—
Average number of common shares	*52.9*	53.5	48.1

Notes To Financial Summary—Operations

(1) Effective January 1, 1979, the company adopted the flow-through method of accounting for investment tax credits. In prior years, the company followed the practice of adding investment tax credit to income over the productive lives of the assets generating such credit, rather than in the year in which the assets were placed in service. Accordingly, such benefits deferred in prior years are being added to income in the current year.

(2) Net income and net income per share include a nonrecurring gain on the sale of the corn refining plant in Lafayette, Indiana. This nonrecurring gain increased net income $13.3 million, primary earnings per share $.30 and fully diluted earnings per share $.28.

1981	1980	1979	1978	1977	1976	1975	1974
54.5	50.2	46.2	41.6	36.6	29.1	35.2	34.1
$4,409.6	$3,822.4	$3,263.7	$2,701.6	$2,231.2	$1,753.0	$2,036.7	$1,791.9
562.4	527.0	487.8	442.0	393.2	311.9	391.7	378.8
3,847.2	3,295.4	2,775.9	2,259.6	1,838.0	1,441.1	1,645.0	1,413.1
2,975.5	2,553.9	2,172.1	1,762.4	1,462.8	1,175.0	1,343.8	1,187.8
871.7	741.5	603.8	497.2	375.2	266.1	301.2	225.3
515.0	428.6	356.7	274.9	190.4	137.8	126.1	106.7
356.7	312.9	247.1	222.3	184.8	128.3	175.1	118.6
(89.6)	(75.6)	(40.3)	(28.9)	(26.7)	(26.9)	(22.6)	(11.9)
64.1	41.7	—	—	—	—	—	—
6.2	2.4	8.4	11.7	7.7	10.3	10.9	9.9
(12.2)	(9.9)	5.4	.7	4.1	1.7	1.9	4.9
—	—	—	—	—	(10.0)	—	—
—	—	—	—	—	—	—	—
325.2	271.5	220.6	205.8	169.9	103.4	165.3	121.5
107.8	99.7	76.3	94.8	78.0	48.0	80.6	57.5
217.4	171.8	144.3	111.0	91.9	55.4	84.7	64.0
—	—	52.1	—	—	—	—	—
217.4	171.8	196.4	111.0	91.9	55.4	84.7	64.0
4.79	3.80	3.19	2.46	2.04	1.23	1.88	1.42
—	—	1.15	—	—	—	—	—
4.79	3.80	4.34	2.46	2.04	1.23	1.88	1.42
4.61	3.80	4.34	2.46	2.04	1.23	1.88	1.42
51.2	44.8	40.7	37.0	32.0	30.6	28.8	27.0
1.13	.99	.90	.82	.71	.68	.64	.60
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
45.4	45.2	45.2	45.1	45.1	45.1	45.1	45.1

Financial Summary—Balance Sheet and Other Information

Anheuser-Busch Companies, Inc., and Subsidiaries
(In millions, except per share and statistical data)

	1984	1983	1982
Balance Sheet Information			
Working capital	*$ 80.3*	$ 175.1	$ 45.8
Current ratio	*1.1*	1.2	1.1
Plant and equipment, net	*3,515.0*	3,204.2	2,988.9
Long-term debt	*835.8*	961.4	969.0
Total debt to total debt plus equity	*27.2%(1)*	31.9%(1)	35.4%(1)
Deferred income taxes	*755.0*	573.2	455.1
Common stock and other shareholders equity	*1,951.0*	1,766.5	1,526.6
Return on shareholders equity	*18.2%*	18.0%	19.9%
Total assets	*4,524.7*	4,330.2	3,902.8
Other Information			
Capital expenditures	*519.2*	428.0	355.8
Depreciation and amortization	*203.4*	187.3	133.6
Total payroll cost	*1,427.5*	1,350.8	853.3
Effective tax rate	*43.2%*	43.5%	39.4%
Price/earnings ratio	*9.8*	9.6	11.0
Percent of pre-tax profit on gross sales	*9.6%*	9.3%	9.1%
Pro Forma Information Assuming Retroactive Application Of The Flow-Through Method Of Accounting For The Investment Tax Credit (3):			
Net income (4)	*391.5*	348.0	287.3
Net income per share (4):			
Primary	*7.40*	6.50	5.97
Fully diluted	*7.40*	6.50	5.88
Common stock and other shareholders equity	*1,951.0*	1,766.5	1,526.6
Return on shareholders equity	*18.2%*	18.0%	19.9%
Book value per share	*41.44*	36.50	31.61
Effective tax rate	*43.2%*	43.5%	39.4%

Notes To Financial Summary—Balance Sheet And Other Information

(1) This percentage has been calculated by including convertible redeemable preferred stock as part of equity because it is convertible into common stock and is trading primarily on its equity characteristics.

(2) This percentage has been adjusted to reflect the change in the method of accounting for the investment tax credit in 1979, but excludes the cumulative effect.

(3) Effective January 1, 1979, the company adopted the flow-through method of accounting for the investment tax credit. In prior years, the company followed the practice of adding investment tax credit to income over the productive lives of the assets generating such credit, rather than in the year in which the assets were placed in service. Accordingly, such benefits deferred in prior years are being added to income in the current year.

(4) Includes the capitalization of interest effective January 1, 1980 that relates to the capital cost of acquiring certain fixed assets.

1981	1980	1979	1978	1977	1976	1975	1974
$ 45.9	$ 26.3	$ 88.1	$ 223.7	$ 175.4	$ 182.1	$ 255.4	$ 132.4
1.1	1.1	1.3	1.8	1.8	2.0	2.5	2.1
2,257.6	1,947.4	1,461.8	1,109.2	952.0	857.1	724.9	622.9
817.3	743.8	507.9	427.3	337.5	340.7	342.2	193.2
42.4%	43.4%	36.0%	36.4%	33.4%	35.8%	36.8%	26.7%
357.7	261.6	193.8	146.9	119.1	93.0	74.6	60.1
1,206.8	1,031.4	904.3	747.9	673.9	611.9	587.1	531.2
19.3%	17.8%	16.9%(2)	15.6%	14.3%	9.2%	15.2%	12.5%
2,875.2	2,449.7	1,926.0	1,648.0	1,403.8	1,268.1	1,202.1	931.4
421.3	590.0	432.3	228.7	156.7	198.7	155.4	126.5
108.7	99.4	75.4	66.0	61.2	53.1	51.1	45.0
686.7	594.1	529.1	421.8	338.9	271.4	268.3	244.4
33.1%	36.7%	34.6%	46.0%	45.9%	46.4%	48.7%	47.3%
8.9	7.3	7.1	9.8	9.8	18.8	18.1	17.1
7.4%	7.1%	6.8%	7.6%	7.6%	5.9%	8.1%	6.8%
217.4	171.8	144.3	121.9	98.3	75.5	89.1	69.1
4.79	3.80	3.19	2.70	2.18	1.68	1.98	1.53
4.61	3.80	3.19	2.70	2.18	1.68	1.98	1.53
1,206.8	1,031.4	904.3	800.1	715.1	646.8	601.9	541.7
19.3%	17.8%	16.9%	16.1%	14.4%	12.1%	15.6%	13.3%
26.57	22.83	19.98	17.72	15.85	14.35	13.36	12.02
33.1%	36.7%	34.6%	40.8%	42.1%	27.0%	46.1%	43.1%

Investor Information

THE CORPORATION

Anheuser-Busch Companies, Inc. is a diversified corporation whose subsidiaries include the world's largest brewing organization and the country's second largest producer of fresh baked goods. Other subsidiaries operate in the fields of container manufacturing and recycling, malt and rice production, international beer marketing, wine, snack foods, baker's yeast, family entertainment, real estate development, major league baseball, stadium ownership, creative services, rail car repair and transportation services.

TRADEMARKS

Trademarks of the corporation and its subsidiaries include: Anheuser-Busch, the A & Eagle Design, Budweiser, Bud, Bud Light, King of Beers, Michelob, Michelob Light, Michelob Classic Dark, Mich, Busch, Natural Light, LA, King Cobra, Busch Gardens, The Dark Continent, The Old Country, Adventure Island, Kingsmill, Busch Corporate Center, Cardinals, Eagle (for snacks), Honey Roast, Rainbo, Colonial, Earth Grains and El Charrito.

ANNUAL MEETING

The annual meeting of shareholders will be held on Wednesday, April 24, 1985, in Williamsburg, Va. A formal notice of the meeting together with a proxy statement will be mailed to shareholders in mid-March 1985.

ADDITIONAL INFORMATION

A copy of the company's annual report to the Securities and Exchange Commission (Form 10-K) is available to shareholders without charge upon written request to John L. Hayward, Vice President and Secretary, Anheuser-Busch Companies, Inc., One Busch Place, St. Louis, Mo. 63118.

Copies of the corporation's "Fact Book," a general information brochure, may be obtained by writing Corporate Communications Department, Anheuser-Busch Companies, Inc., One Busch Place, St. Louis, Mo. 63118.

COMMON STOCK

Anheuser-Busch Companies, Inc. common stock is listed and traded on the New York Stock Exchange and traded on the Boston, Midwest, Cincinnati and Philadelphia Stock Exchanges and the over-the-counter market. Options in the company's common stock are traded on the Philadelphia Stock Exchange. The stock is quoted as "Anheus" in stock table listings in daily newspapers; the abbreviated ticker symbol is "BUD."

PREFERRED STOCK

Anheuser-Busch Companies, Inc. preferred stock is listed and traded on the New York Stock Exchange. The stock is quoted as "Anheu pf" in stock table listings in daily newspapers; the abbreviated ticker symbol is "BUD pfA."

DIVIDENDS

Dividends on both common and preferred stock are normally paid in the months of March, June, September and December.

DIVIDEND REINVESTMENT

The company's Dividend Reinvestment Plan allows shareholders to reinvest dividends in Anheuser-Busch Companies, Inc. common stock automatically, regularly and conveniently—without service charges or brokerage fees. In addition, participating shareholders may supplement the amount invested with voluntary cash investments on the same cost-free basis. Plan participation is voluntary and shareholders may join or withdraw at any time.

Full details concerning the plan are available by writing to Morgan Guaranty Trust Company of New York, Dividend Reinvestment Plan, P.O. Box 3506, New York, New York 10008. Be certain to include a reference to Anheuser-Busch Companies, Inc.

TRANSFER AGENT—COMMON STOCK AND PREFERRED STOCK	Centerre Trust Company of St. Louis 510 Locust Street St. Louis, Missouri 63101
REGISTRARS—COMMON STOCK AND PREFERRED STOCK	Mercantile Trust Company National Association 721 Locust Street St. Louis, Missouri 63101 Centerre Trust Company of St. Louis 510 Locust Street St. Louis, Missouri 63101
DIVIDEND DISBURSING AGENT	Centerre Trust Company of St. Louis 510 Locust Street St. Louis, Missouri 63101
TRUSTEES—DEBENTURES/NOTES	5.45%, 6.00% and 11-7/8% debentures: Chemical Bank 20 Pine Street New York, New York 10015 7.95%, 8.55% and 9.20% debentures: Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York 10015 9.90% notes: Citibank, N.A. 5 Hanover Square New York, New York 10043 11.25% guaranteed bonds: Manufacturers Hanover Trust Company 40 Wall Street New York, New York 10015 15-3/8% notes: InterFirst Bank Dallas, N.A. 1601 Elm Street Dallas, Texas 75283
INDEPENDENT ACCOUNTANTS	Price Waterhouse One Centerre Plaza St. Louis, Missouri 63101
CORPORATE OFFICES	One Busch Place St. Louis, Missouri 63118 (314) 577-2000

Officers

Anheuser-Busch Companies, Inc.

Policy Committee

August A. Busch III*
Chairman of the Board and President

Dennis P. Long*
Vice President and Group Executive

Jerry E. Ritter*
Vice President and Group Executive

Barry H. Beracha
Vice President and Group Executive

Patrick T. Stokes
Vice President and Group Executive

John H. Purnell
Vice President and Group Executive

W. Randolph Baker
Vice President and Group Executive

Stephen K. Lambright
Vice President and Group Executive

C.B. Lane, Jr.
President–Campbell Taggart, Inc.

Stuart F. Meyer
Vice President–Corporate Human Resources

*Members of the Corporate Office

Other Officers

John L. Hayward
Vice President and Secretary

Donald S. McDonald
Vice President–Senior Counsel, Industry and Government Affairs

Margaret S. Busch
Vice President–Corporate Promotions

Thomas A. Aldrich
Vice President and Corporate Representative

Aloys H. Litteken
Vice President–Corporate Engineering

Wayman F. Smith III
Vice President–Corporate Affairs

Thomas R. Billen
Vice President–Corporate Financial Planning

Walter A. Suhre, Jr.
Vice President and General Counsel

Osmond Conrad
Vice President and Controller

Luke L. Meatte
Senior Vice President–Wholesaler/Industry Affairs

Donald W. Kloth
Vice President–Materials Acquisition

Jesse Aguirre
Vice President–Corporate Relations

John P. Wilson
Vice President–Project Engineering and Design

Lee J. Waltemade
Vice President–Corporate Labor Relations

Gerald C. Thayer
Treasurer

Albert R. Wunderlich
Tax Controller

JoBeth Brown
Assistant Secretary

Knut C. Heise
Assistant Secretary

Richard A. Schwartz
Assistant Secretary

Richard N. Hill
Assistant Treasurer

PRINCIPAL OFFICERS OF SUBSIDIARIES

Anheuser-Busch, Inc.

August A. Busch III
Chairman of the Board and Chief Executive Officer

Dennis P. Long
President and Chief Operating Officer

Michael J. Roarty
Executive Vice President

Andrew J. Steinhubl
Senior Vice President–International Brewing and New Product Development

Thomas R. Montgomery
Vice President–Operations

Charles W. Wirtel
Vice President–Beer Planning

Raymond E. Goff
Vice President–Administration

T. Michael Carpenter
Group Vice President

Joseph P. Lynch
Vice President–Quality Assurance

Gerhardt A. Kraemer
Vice President–Brewing

James H. Young
Vice President–Plant Operations

Michael J. LaMonica
Vice President–Marketing Staff

John N. MacDonough
Vice President–Brand Management

Joseph E. Martino
Vice President–Sales

Klaus D. Zastrow
Vice President–Brewing Technical Services

Edward G. Martin
Vice President–International Brewing and Development

William L. Rammes
Vice President–Operations Control

Paul V. von Gontard
Vice President and Resident Manager–St. Louis

Henry H. Brown
Vice President–Market Development

Charles B. Fruit
Vice President–Corporate Media

Jack K. Higgins
Vice President–National Account Sales

Thomas O. Sobbe
Vice President–Field Sales

Michael A. Orloff
Vice President–Wholesale Operations Division

Metal Container Corporation

Barry H. Beracha
Chairman of the Board and Chief Executive Officer

Richard C. White
President and Chief Operating Officer

Timothy J. Houghton
Vice President and General Manager

Busch Agricultural Resources, Inc.

Jerry E. Ritter
Chairman of the Board and Chief Executive Officer

Donald W. Kloth
President

David R. Long
Vice President and General Manager

John A. Brussman
Vice President–Malt Operations

Louis L. Werner
Vice President–Rice Operations

Container Recovery Corporation

Barry H. Beracha
Chairman of the Board and Chief Executive Officer

Joseph L. Goltzman
President and Chief Operating Officer

William I. Solomon
Vice President and General Manager

Anheuser-Busch International, Inc.

John H. Purnell
Chairman of the Board and President

Bruce B. Adaire
Vice President and Director of Operations

Johnson C. Leung
Vice President and Regional Director

David E. Cortright
Vice President–Finance and Planning

Campbell Taggart, Inc.

C. B. Lane, Jr.
President and Chief Executive Officer

Patrick T. Stokes
Chief Operating Officer

David S. Leavenworth
Executive Vice President-Administration and Bakery Division

Leon Pritzker
Executive Vice President-Staff Operations

John W. Iselin, Jr.
Vice President-Diversified Operations

B. L. Bowden
Vice President-Cost Control

Thomas E. Burnett
Vice President-Marketing and Operations

Robert Doyle
Vice President-Brand Management

Richard L. DuCharme
Vice President-Central Bakery Operations

Frank R. Goley
Vice President-Engineering

Henry J. Himmelberg
Vice President and Controller

Jaime Iglesias
Vice President-International

Michael D. Kafoure
Vice President-National Accounts

James Lannom
Vice President-Management Information Systems

R. Gordon Manning
Vice President and Coordinator of Regional Operations

Jeffrey J. Marsh
Vice President-Corporate Purchasing and Transportation

Richard T. Martin
Vice President-Western Bakery Operations

T. E. Mason
Vice President and Treasurer

Ellis W. McCracken, Jr.
Vice President and General Counsel

William R. Palmer
Vice President-Eastern Bakery Operations

John Piotrowski
Vice President-Planning and Development

Ken Schierling
Vice President-Office Services

Lawrence J. Shine
Vice President-Productivity and Capital Management

Harold D. Slankard
Vice President-Labor Relations/Human Resources

Eugene E. Wisakowsky
Vice President-Quality Control and Assurance

Paul A. Wright
Vice President-Production Services

Eagle Snacks, Inc.

John H. Purnell
Chairman of the Board and President

Kevin F. Bowler
Vice President and General Manager

William H. Opdyke
Vice President-Operations

Allen W. Sherman
Vice President-Brand Management and Sales Administration

Timothy J. Fleming
Vice President-Sales

Busch Industrial Products Corporation

W. Randolph Baker
Chairman of the Board and Chief Executive Officer

John N. Riesch
President

Arthur C. Litchfield
Vice President-Production

Ivan S. Dobson
Vice President-Planning and Development

M. Wayne Somers
Vice President-Marketing

James J. Fischer
Vice President-Finance

Busch Entertainment Corporation

W. Randolph Baker
Chairman of the Board and President

William H. Thurman
Vice President and General Manager

Thomas L. Corrigan
Vice President-Finance and Planning

Harold M. Greenblatt
Vice President-Engineering

R. Burl Purvis
Vice President-Revenue

John B. Roberts
Vice President-Operations

Brian D. Smith
Vice President-Marketing

Busch Properties, Inc.

W. Randolph Baker
Chairman of the Board and President

Brian W. Foster
Vice President-Finance and Planning

Harry D. Knight
Vice President and General Manager-Kingsmill and Assistant Secretary

John C. Martz, Jr.
Vice President-Corporate Real Estate, Assistant Secretary and Assistant Treasurer

St. Louis National Baseball Club, Inc.

August A. Busch, Jr.
Chairman of the Board and President

Fred L. Kuhlmann
Executive Vice President and Chief Operating Officer

August A. Busch III
Vice President

Stanley F. Musial
Senior Vice President

Margaret S. Busch
Vice President

Gary A. Blase
Vice President-Administration

Civic Center Corporation

Fred L. Kuhlmann
Chairman of the Board

Mark Sauer
President and Chief Executive Officer

John E. Taylor, Jr.
Senior Vice President, Controller, and Assistant Secretary-Treasurer

Gerald W. Baron
Vice President-Marketing and General Manager of Busch Stadium

Busch Creative Services Corporation

W. Randolph Baker
Chairman of the Board

Joseph J. Kramer
President

St. Louis Refrigerator Car Company

August A. Busch, Jr.
Chairman of the Board

Roy W. Chapman
President

David Hamel
Vice President-Operations

Edward R. Goedeke, Jr.
Vice President-Marketing

Manufacturers Railway Company

August A. Busch, Jr.
Chairman of the Board and Chief Executive Officer

Roy W. Chapman
President

Edward R. Goedeke, Jr.
Vice President-Marketing

Eldon D. Harris
Vice President-Operations and Secretary

Anheuser-Busch Companies, Inc.

Directors

August A. Busch III
Chairman of the Board and President

August A. Busch, Jr.
Honorary Chairman of the Board

Richard T. Baker
Former Managing Partner–Ernst & Ernst (now Ernst & Whinney); certified public accountants, and presently Consultant to that firm

Margaret S. Busch
Vice President–Corporate Promotions

Peter M. Flanigan
Managing Director–Dillon, Read & Co. Inc.; an investment banking firm

Roderick M. Hills
Of Counsel to Latham, Watkins & Hills; attorneys

Edwin S. Jones
Former Chairman of the Board–First Union Bancorporation (now Centerre Bancorporation); a multi-bank holding company

Fred L. Kuhlmann
Vice Chairman of the Board and former Executive Vice President

Vilma S. Martinez
Partner–Munger, Tolles & Rickershauser; attorneys

Sybil C. Mobley
Dean of the School of Business and Industry–Florida A&M University

James B. Orthwein
Former Chairman and Chief Executive Officer–D'Arcy MacManus Masius Worldwide, Inc.; a general advertising agency and presently Consultant to that company

W. R. Persons
Former Chairman and Chief Executive Officer–Emerson Electric Company; a manufacturer of electrical and electronic equipment

Walter C. Reisinger
Special Representative–Customer Relations–Anheuser-Busch Companies, Inc.

Armand C. Stalnaker
Chairman of the Board–General American Life Insurance Company; a carrier of individual and group health and life insurance and annuities

Fred W. Wenzel
Chairman of the Board–Kellwood Company; a manufacturer of recreation equipment, home fashions and apparel

Director Emeritus

M. R. Chambers
Former Chairman of the Executive Committee and Director–INTERCO INCORPORATED

ANHEUSER-BUSCH
COMPANIES, INC.